

An abstract geometric graphic composed of several overlapping, semi-transparent, light gray polyhedral shapes. The shapes are arranged to create a sense of depth and movement, with some appearing to be stacked or layered. The overall effect is modern and architectural.

School Association for Special Education in Dupage County

Lisle, Illinois

Audited Financial Report

Year Ended June 30, 2020

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School Association for Special Education in Dupage County

Year Ended June 30, 2020

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School Association for Special Education in Dupage County

Year Ended June 30, 2020

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Independent Auditor's Report

Board of Control
School Association for Special Education in DuPage County
Lisle, Illinois

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 SASED'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 SASED's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SASSED's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021 on our consideration of the SASSED'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 School Association for Special Education in DuPage County'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 SASSED's internal control over financial reporting and compliance.

**Aurora, Illinois
February 12, 2021**

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

This discussion and analysis of the School Association for Special Education in DuPage County (SASED) financial performance provides an overview of SASED's activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at SASED's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the SASED's financial performance.

The Management Discussion and Analysis (MD&A) is an element of Governmental Account Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999.

Overview of the Structure of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of SASED:

The Statement of Net Position summarizes SASED's assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by private sector companies. The Statements of Activities summarizes revenues and expenses when they are earned or incurred regardless of when cash is received or paid. These two statements report SASED's net position and changes in them.

The second group of financial statements reports financial activities by major funds. The funds are either Governmental Funds or Fiduciary Funds. The Governmental funds show how basic services of special education were financed during the year and the balances remaining for future spending. Fiduciary Fund statements provide information about financial relationships where SASED acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis – Statement of Net Position

This portion of the analysis of the financial statements develops the statements as reported under the full accrual method of accounting. Under the full accrual method of accounting net capital assets and net pension liabilities are included in the financial reports. A summarized statement of net position is reported below.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Summarized Statement of Net Position			
	2020	2019	\$ Change
Current and other assets	\$ 17,319,230	\$ 19,519,605	\$ (2,200,375)
Capital assets & land	4,458,542	4,282,411	176,131
Total assets	21,777,772	23,802,016	(2,024,244)
Deferred outflows related to pensions & other postemployment benefits	1,407,354	4,729,208	(3,321,854)
Total deferred outflows	1,407,354	4,729,208	(3,321,854)
Current liabilities	7,963,055	10,870,669	(2,907,614)
Non-current liabilities	16,286,504	20,633,006	(4,346,502)
Total liabilities	24,249,559	31,503,675	(7,254,116)
Deferred inflows related to pensions & other postemployment benefits	10,713,957	11,088,168	(374,211)
Total deferred inflows	10,713,957	11,088,168	(374,211)
Net position			
Investment in capital assets	4,458,542	4,282,411	176,131
Restricted			
Nonspendable	-	58,831	(58,831)
Unrestricted	(16,236,932)	(18,401,861)	2,164,929
Total net position	\$ (11,778,390)	\$ (14,060,619)	\$ 2,282,229

At June 30, 2020, SASSED had a cash balance representing approximately five months of average cash flow. Maintaining an adequate cash balance eliminates the need to borrow to meet cash flow needs. The cash balance increased by \$3,144,525, which is primarily a result in the change in State funding. The State previously reimbursed SASSED for a portion of special education staff salaries in a system known as Personnel Reimbursement. The new State funding model is the Evidenced Based Funding model. It provides SASSED with a hold harmless payment based upon the FY2016 claim for personnel reimbursement. The former funding model delayed funds until the year following the payment of salaries by SASSED. The new model distributes funding in the year that it is earned. Also impacting the cash balance each year is the change in the timing of collecting invoicing for grants and collecting invoicing for tuition billings and a change in the timing of releasing year-end payments to vendors.

The receivable balance decreased by \$5,338,169 from the previous year. This increase in receivables is the result of more receivables at year end associated with the timing of invoicing and the timing of the related collections for billings to school districts and billings for grants.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Capital assets are recorded at cost and depreciated based upon their estimated useful lives. The \$176,131 increase from the prior year represents current year purchases less the annual allowance for depreciation. See Note 3 of the financial statements for additional details.

Accounts Payable consists of several components. These components include payments owed to vendors for purchases made in the current year, end of year tuition refunds payable to member districts, and federal IDEA grant distributions payable to member districts at year-end. Refunds to member districts occur when pre-billings exceed final billings for tuition and fees. The decrease of \$3,559,426 in Accounts Payable reflects the timing of the receipt of invoicing from vendors and the related timing of the release of payments at year-end.

Accrued Payroll represents payments to employees who work from September through June but have their wages paid during the twelve months from September through August. The decrease of \$138,009 reflects a decrease in wages of approximately 5% from the prior year. Additionally, several retirements with large payouts for unused vacation and sick time occurred after June 30, 2020.

Accrued Self Insurance Liability represents the accrual for medical claims incurred but not paid at year-end. There is also a corresponding cash reserve for this same amount. The \$114,316 decrease in the year-end accrual reflects an increase in actual claim payments during the year, and a resulting decrease in incurred by not reported liabilities.

Noncurrent liabilities represent the net pension liabilities for TRS and IMRF, and the net other postemployment benefit liabilities of THIS and the Association. The \$4,428,352 decrease in noncurrent liabilities is primarily the result of the impact of GASB No. 68, and the related reduction in that amount for FY 2020. See note 4 of the financial statements for more detail.

SASED's net position has been significantly reduced on an accrual basis of reporting by the requirements of GASB No. 68. SASED has a solid net asset position on a cash basis.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Financial Analysis - Statement of Activities

A summarized statement of activities is reported below.

Summarized Statement of Activities					
	2019-2020	%		Increase (Decrease)	%
		Total	2018-2019		Change
Revenues					
Program Revenues:					
Charges for services	\$ 27,650,181	62%	\$ 29,986,446	\$ (2,336,265)	-8%
Operating grants and contributions	16,621,355	37%	25,983,358	(9,362,003)	-36%
Earnings on investments	230,426	1%	316,708	(86,282)	-27%
Miscellaneous	29,372	0%	1,174	28,198	2402%
Total Revenues	44,531,334	100%	56,287,686	(11,756,352)	-21%
Expenses					
Instructional services:					
Special programs	42,249,105	100%	55,272,142	(13,023,037)	-24%
Total Expenses	42,249,105	100%	55,272,142	\$ (13,023,037)	-24%
Change in net position	2,282,229		1,015,544		
Net position, beginning	(14,060,619)		(15,076,163)		
Net position, ending	<u>\$ (11,778,390)</u>		<u>\$ (14,060,619)</u>		

The Statement of Activities shows revenues in excess of expenses of \$2,282,229 for the current year. This increase in net equity is derived from the net income amount from the Statement of Revenues, Expenditures and Changes Fund Balance of \$625,389. The \$625,389 is adjusted by \$176,131 for the requirement to record changes in capital assets and then adjusted for net revenues of \$1,480,709 for the requirement to record this year's activity in the pension funds, other postemployment benefits, and compensated absences. A detailed analysis of the \$625,389 net revenue amount is developed of the Statement of Revenues, Expenditures and Changes in Fund Balance in the next section of this report.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Financial Analysis - Statement of Revenues, Expenses and Changes in Fund Balance

The Statement of Revenues, Expenditures and Changes in Fund Balance itemizes revenues and expenditures by function. This is useful to obtain an overview of the major programs within SASSED.

Revenues

	Budget	Actual	Over (Under)
Local Sources	\$ 33,617,171	\$ 27,909,979	-17.0%
Flow-Through Sources	806,277	806,278	0.0%
State Sources	3,188,105	3,291,688	3.2%
On Behalf Contributions	1,300,000	5,187,340	299.0%
Federal Sources	2,462,845	2,313,901	-6.0%
	<u>\$ 41,374,398</u>	<u>\$ 39,509,186</u>	<u>-4.5%</u>

Local Sources of revenues were 17.0% under budget. Local Sources of Revenue include tuition and fee revenues for students placed in SASSED programs and revenues for special education services delivered to member districts in classrooms operated by member districts. Total revenues for these classroom and student service programs closely matched the amount budgeted.

Flow-Through Sources of revenues were 0.0% over budget as the budgeted amount was a conservative number based on a prorated allocation of IDEA funding. This revenue represents Federal IDEA grant funds collected by SASSED through ISBE and distributed to SASSED's member districts for use in member district programs. Additionally, IDEA Flow-Through funds were over budget because the amount of IDEA funds requested by member districts was less than anticipated in the budget. The amount included in the budget is also dependent upon the projected allocation of Federal IDEA revenue funds made available to SASSED member districts by the federal government through ISBE. This revenue source has been flat for several years.

State Sources of Revenues were 3.2% over budget, closely matching the budgeted amount.

On-Behalf Contributions represent SASSED's portion of the State's required contributions to the Teachers' Retirement System. These revenues have matching expenditures and are not ever received or paid for by SASSED. On-Behalf Contributions are required to be included for both budget and financial reporting. This line item is over budget by 299.0%% showing that the budget closely matched the estimated actual expenditures to be made by the State on Behalf of SASSED.

Federal Sources of Revenues were 6.0%% under budget.

School Association for Special Education in DuPage

Management’s Discussion and Analysis

For the Year Ended June 30, 2020

Expenditures

	Budget	Actual	Over (Under)
Instruction and Support	\$ 35,095,570	\$ 32,643,360	-7.0%
Improvement of Instruction	3,946,165	3,633,565	-7.9%
Transportation and Food Service	1,206,825	980,175	-18.8%
Central Administration	1,656,664	1,365,610	-17.6%
Grant Administration	115,224	254,039	120.5%
IDEA Distributions	3,950	7,048	78.4%
	\$ 42,024,398	\$ 38,883,797	-7.5%

Instruction and Support – In the current fiscal year SASSED provided direct classroom instruction to 444 students with individualized education plans. Enrollment was slightly up from last year, increasing by 10 students. Expenditures for Instructional and Support Services were 7.0% under budget, due to a budgeting oversight.

Improvement of Instruction – Expenditures for Improvement of Instruction were under budget by 7.9% due to budgeting for the discontinuation of the discretionary statewide staff development programs operated by SASSED on-behalf of ISBE. These programs were continued for one additional year by ISBE so expenditures were incurred even though these expenditures were not included in the budget.

Central Administration – Expenditures for Central Administration, including all technology needs of the organization were 17.6% under budget, closely matching the budgeted amount. Coordinators of programs and principals are not included in central administration but included in Instruction and Support.

Grant Administration – Expenditures for Grant Administration were 3.7% over budget due to the anticipation of the complete elimination of the discretionary statewide staff development programs operated by SASSED for ISBE. Some of these programs were not eliminated so expenditures were incurred during the year.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Direct Revenues, Expenditures and Fund Balances Net of On-behalf Payments

<u>Fiscal Year 2019-2020</u>	Educational Fund	Operations & Maintenance Fund	Total
Fund Balances July 1, 2019	\$ 8,961,999	\$ (231,213)	\$ 8,730,786
Direct Revenues	34,071,766	250,080	34,321,846
Direct Expenditures	33,332,200	364,257	33,696,457
Balance of Revenues Minus Expenditures			625,389
Transfers	(650,000)	650,000	-
Fund Balances July 1, 2020	<u>\$ 9,051,565</u>	<u>\$ 304,610</u>	<u>\$ 9,356,175</u>

MAJOR SOURCES OF REVENUES

Tuition	\$ 15,745,545	45.9%
Services Provided to Other Districts	11,672,261	34.0%
Evidence-Based Funding	2,799,607	8.2%
IDEA Flow-Thru (retained by SASED)	806,278	2.3%
Medicaid Administrative Outreach Plus Fee for Services	762,292	2.2%
Other State and Federal Sources (individual sources less than \$500,000)	<u>2,535,863</u>	7.4%
Total	<u>\$ 34,321,846</u>	100.0%

MAJOR CATEGORIES OF EXPENDITURES

Salaries & Benefits	\$ 28,538,931	84.7%
Purchased Services	4,026,947	12.0%
Supplies/Materials/Equipment	<u>1,130,579</u>	3.4%
Total	<u>\$ 33,696,457</u>	100.0%

Capital Assets

Detailed information on the changes in capital assets can be found in Note 3 to the Financial Statements. The valuation of the assets is based upon cost.

School Association for Special Education in DuPage

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Factors Bearing on the Cooperative's Future

SASED continues to be a financially sound and a fiscally responsible agency. Each year SASED continues to adjust its programs and services to meet the needs of its member districts. Challenges related to the pandemic were met with extraordinary efforts and excellent work to fulfill the Individualized Educational Programs for the students enrolled in the SASED member districts, as well as DuPage West Cook schools that also rely on services provided by SASED employees. The complexity of disabilities exhibited in students served by SASED and the increased demands from Federal and State regulations continue to challenge SASED to contain costs while providing an appropriate level of service for students with disabilities.

Contacting the Cooperative's Financial Management

This financial report is designed to provide our members with a general overview of SASED's finances and to show SASED's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Sellers, Interim Chief School Business Official at School Association for Special Education in DuPage County, 2900 Ogden Avenue, Lisle, IL 60532.

Basic Financial Statements

School Association for Special Education in Dupage County

Statement of Net Position

<i>June 30, 2020</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,686,594
Receivables	
Intergovernmental accounts receivable	1,580,536
Prepaid expenditures	52,100
Capital assets	
Land	137,628
Other capital assets, net of accumulated depreciation	<u>4,320,914</u>
Total assets	<u>21,777,772</u>
Deferred outflow of resources	
Deferred outflows related to pensions	1,277,921
Deferred outflows related to OPEB	<u>129,433</u>
Total deferred outflows	<u>1,407,354</u>
Liabilities	
Accounts payable	3,024,220
Accrued salaries and related expenditures	2,457,571
Accrued self insurance claims	2,481,264
Noncurrent liabilities:	
Net pension liability - TRS	1,220,294
Net pension liability - IMRF	1,342,771
Net OPEB liability - THIS	13,155,142
Net OPEB liability - Association	508,375
Compensated absences	<u>59,922</u>
Total liabilities	<u>24,249,559</u>
Deferred inflows	
Deferred inflows related to pensions	7,665,045
Deferred inflows related to OPEB	<u>3,048,912</u>
Total deferred inflows	<u>10,713,957</u>
Net position	
Investment in capital assets	4,458,542
Unassigned	<u>(16,236,932)</u>
Total net position	<u><u>\$ (11,778,390)</u></u>

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Statement of Activities

<i>For the Year Ended June 30, 2020</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Special education	\$ 42,249,105	\$ 27,650,181	\$ 16,621,355	\$ 2,022,431
Total governmental activities	\$ 42,249,105	\$ 27,650,181	\$ 16,621,355	2,022,431
General revenues				
Earnings on investments				230,426
Other revenues				29,372
Total general revenues				259,798
Change in net position				2,282,229
Net position, beginning of year				(14,060,619)
Net position, ending				\$ (11,778,390)

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Balance Sheet - Governmental Funds

June 30, 2020

General Fund

Assets

Cash and cash equivalents	\$ 15,686,594
Receivables	
Intergovernmental accounts receivable	1,580,536
Prepaid expenditures	<u>52,100</u>
Total assets	<u>\$ 17,319,230</u>

Liabilities and Fund Balances

Liabilities

Accounts payable	\$ 3,024,220
Accrued salaries and related expenditures	2,457,571
Accrued self insurance claims	<u>2,481,264</u>
Total liabilities	<u>7,963,055</u>

Fund balances

Nonspendable - prepaid expenditures	52,100
Unassigned	<u>9,304,075</u>
Total fund balances	<u>9,356,175</u>

Total liabilities and fund balances	<u>\$ 17,319,230</u>
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See accompanying notes to financial statements

School Association for Special Education in Dupage County

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2020

Total fund balances - governmental funds		\$	9,356,175
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of the assets is \$8,281,590 and the accumulated depreciation is \$3,823,048.			
			4,458,542
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Net pension liability - TRS	\$	(1,220,294)	
Net pension liability - IMRF		(1,342,771)	
Net OPEB liability - THIS		(13,155,142)	
Net OPEB liability - Association		(508,375)	
Compensated absences		(59,922)	(16,286,504)
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds			
Deferred outflows		1,407,354	
Deferred inflows		(10,713,957)	(9,306,603)
Net position of governmental activities		\$	<u><u>(11,778,390)</u></u>

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Statement of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds

<i>Year Ended June 30, 2020</i>	General Fund
Revenues	
Local sources	\$ 27,909,979
Flow through sources	806,278
State sources	8,479,028
Federal sources	<u>2,313,901</u>
Total revenues	<u>39,509,186</u>
Expenditures	
Current operating	
Instruction	23,529,769
Support services	15,346,980
Non-programmed charges	<u>7,048</u>
Total expenditures	<u>38,883,797</u>
Net change in fund balances	625,389
Fund balances, beginning of year	<u>8,730,786</u>
Fund balances, end of year	<u><u>\$ 9,356,175</u></u>

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2020

Net change in fund balances - governmental funds \$ 625,389

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 524,792	
Depreciation expense	<u>(348,661)</u>	176,131

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

Change in net pension liability - TRS	59,849	
Change in net pension liability - IMRF	4,365,502	
Change in net OPEB liability - THIS	(45,176)	
Change in OPEB liability - Association	26,249	
Change in compensated absences	21,928	
Change in deferred inflows/outflows related to pensions	(2,710,985)	
Change in deferred inflows/outflows related to other post employment benefits	<u>(236,658)</u>	<u>1,480,709</u>

Change in net position of governmental activities \$ 2,282,229

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Statement of Fiduciary Net Position

<i>June 30, 2020</i>	Student Activity Funds
Assets	
Cash in bank	<u>\$ 15,090</u>
Liabilities	
Due to activity fund organizations	<u>\$ 15,090</u>

See accompanying notes to financial statements

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

School Association for Special Education in Dupage County (the "SASED") is a joint agreement special education cooperative formed by 18 school districts in DuPage County. It was organized to provide special education for children residing in these districts. The accounting policies of SASED conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. 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 of SASED.

Reporting Entity

In evaluating how to define SASED for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which SASED is financially accountable and other organizations for which the nature and significance of their relationship with SASED are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. SASED is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, SASED. SASED also may be financially accountable if an organization is fiscally dependent on SASED, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in SASED's reporting entity. Even though there are local governmental agencies within the geographic area served by SASED, these agencies have been excluded from the report because they are legally separate and the SASED is not financially accountable for them.

The SASED is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

Fund Accounting

The accounts of the SASED are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following summarizes the fund types used by the Association:

Governmental funds include the following fund types:

General Fund - The General Fund, which consists of the legally mandated Educational Account and Operations & Maintenance Account, is used to account for revenues and expenditures, which are used in providing education services by SASED. It is used to account for all financial resources except those accounted for in other funds.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Educational Account – This account is used for most of the instructional and administrative aspects of SASSED's operations as well as accounting for the costs of providing school lunch services to students. The revenue consists primarily of local tuition, state and federal government aid, and lunch receipts from the food service program.

Operations and Maintenance Account – This account is are mainly used for the acquisition and upkeep of SASSED's buildings and grounds and various other aspects relating to construction and improvements. The revenue consists primarily of local tuition and federal government aid allocated to the fund.

Fiduciary Funds – Fiduciary funds account for assets held by SASSED in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Agency Funds - The agency funds (student activity funds) account for assets held by SASSED in a trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve a measurement of the results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

SASSED reports the General Fund as a major governmental fund.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the SASSED. The effect of interfund activity has been removed from these statements. The SASSED's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The SASSED has no operating activities that would be considered "business-type activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Separate financial statements are provided for all governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds are used to account for SASSED's general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available." "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. SASSED considers all revenues available if they are collected within 60 days after year-end. Revenues collected after 60 days are recorded as unavailable revenue. Expenditures are recorded when the related fund liability is incurred. However, unmatured principal and interest on general long-term debt is recognized when due; and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

Budgetary Data

Annual budgets for all Governmental Funds are adopted on a modified accrual basis by the Board of Control.

The Board of Control follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Administration submits to the Board of Control a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- Prior to August 31st, the budget is legally adopted through passage of a resolution.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Data (Continued)

- Management can transfer up to 10 percent of the total budget between departments within any fund without the Board of Control approval. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Control following the public hearing process mandated by law. The legal level of control remains at the fund level for each legally adopted operating budget since transfers are restricted entirely within each individual fund. The budget was adopted on August 7, 2019.
- Formal budgetary integration is employed as a management control device during the year for all its Governmental Funds.
- SASSED has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act, expenditures may exceed the budget if additional resources are available to finance such expenditures.
- The budget lapses at the end of each fiscal year. (All appropriations lapse at year-end).

Capital Assets

Capital assets, which include land, buildings, buildings improvements, vehicles, equipment, and construction in progress are reported in the government-wide financial statements. Capital assets are defined by SASSED as assets with an initial individual cost of more than \$2,500 and an estimated life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

	Years
Buildings	45 years
Improvements	10-20 years
Vehicles	5-10 years
Machinery and equipment	5-15 years

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

All full-time employees are provided vacation benefits in accordance with the employee handbook. Certified Employees receive 15 days of vacation per year for the first five years. In years six through ten, they earn an additional day for each year of service. After 10 years of service, 20 vacation days are received. Classified Employees receive 1 day of vacation per every month worked for the first year. In years two through five, they earn 10 days per year, and an additional day per year for years six through 15, at which time they receive the maximum of 20 days per year. All vacation must be used by January 1st of the following fiscal year.

Upon leaving employment, employees are paid for any unused vacation days. Current compensated absences have been reported within the individual find as salary related payments. The balance in accrued vacation and sick pay is \$59,922 for the year ended June 30, 2020. The decrease during the year ended June 30, 2020 was \$21,928.

Long-Term Obligations

In the government-wide financial statements, long-term debt payments are reported as decreases in the balance of the liability shown on the statement of net position. In the fund financial statements, however, long-term debt payments are recognized as expenses when paid.

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components; net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows of resources and deferred outflows of resources attributable to capital assets and related debts.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by the liabilities and deferred inflows of resources related to those assets and deferred outflows of resources, with restriction constraints placed on their use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

It is SASSED's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Pensions/OPEB

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS), the Illinois Municipal Retirement Fund (IMRF), the Teachers' Health Insurance Security Fund (THIS) and the Post-Retirement Health Plan together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance Reporting

According to governmental accounting standards, fund balances are to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Reporting (Continued)

Restricted: The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity, including restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Fund balances of special revenue funds are by definition restricted for those specified purposes.

Committed: The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the school board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned: The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: The unassigned fund balance classification is the residual classification for amounts in the general operating funds for amounts that have not been restricted, committed, or assigned to specific purposes within the general operating funds.

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

Note 2: Deposit and Investments

a. Custodial Credit Risk – Deposits

At June 30, 2020, the carrying amount of the SASSED's deposits (excluding \$15,090 of fiduciary funds) totaled \$15,681,383 and the bank balances totaled \$16,378,706. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The SASSED's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with collateral held by a third party in the Association's name. As of June 30, 2020, these amounts were entirely insured or collateralized.

b. Investments

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

As of June 30, 2020, the SASSED had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			Percent of Portfolio	Applicable Agency Rating
		Less than 1	1 - 5			
Illinois School District Liquid Asset Fund (ISDLAF)	\$ 5,211	\$ 5,211	\$ -	100.0 %		AAAm
Total investments	\$ 5,211	\$ 5,211	\$ -	100.0 %		

Credit Risk

The SASSED's investments are rated, as shown above, by the applicable rating agency.

Concentration of Credit Risk

The SASSED places no limit on the amount the SASSED may invest any one issuer. More than 5 percent of the SASSED's investments are concentrated in specific individual investments. The above table indicates the percentage of each investment to the total investments of the SASSED.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an investment pool created and regulated by the Illinois General Assembly. The fair value of the Association's investment in ISDLAF+ has been determined using the net asset value (NAV) per share (or its equivalent) of the investments. The NAV of the Liquid Class and MAX Class are determined as of the close of business on each Illinois banking day. The Multi-Class Series invests in high-quality short-term debt instruments (money market instruments), and shares may be redeemed on any Illinois banking day. The Term Series invest in high-quality debt instruments, which are generally money market instruments but may include instruments with a maturity over one year, and shares may be redeemed with seven days' advance notice. There were no known restrictions on redemption of the Association's investments as of June 30, 2020.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 3: Capital Assets

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

Governmental Activities	Balance 7/1/2019	Additions	Deletions	Balance 06/30/20
Capital assets, not being depreciated:				
Land	\$ 137,628	\$ -	\$ -	\$ 137,628
Total capital assets, not being depreciated	<u>137,628</u>	<u>-</u>	<u>-</u>	<u>137,628</u>
Capital assets, being depreciated:				
Buildings	5,556,201	196,225	-	5,752,426
Improvements	140,552	168,031	-	308,583
Equipment	1,979,233	160,536	(56,816)	2,082,953
Total capital assets, being depreciated	<u>7,675,986</u>	<u>524,792</u>	<u>(56,816)</u>	<u>8,143,962</u>
Accumulated depreciation:				
Buildings	(2,183,391)	(183,723)	-	(2,367,114)
Improvements	(77,958)	(9,900)	-	(87,858)
Equipment	(1,269,854)	(155,038)	56,816	(1,368,076)
Total accumulated depreciation	<u>(3,531,203)</u>	<u>(348,661)</u>	<u>56,816</u>	<u>(3,823,048)</u>
Total capital assets, being depreciated, net	<u>\$ 4,144,783</u>	<u>\$ 176,131</u>	<u>\$ -</u>	<u>\$ 4,320,914</u>
Governmental activities capital assets, net	<u>\$ 4,282,411</u>	<u>\$ 176,131</u>	<u>\$ -</u>	<u>\$ 4,458,542</u>

Depreciation expense for the year ended June 30, 2020 was \$348,661.

Note 4: Long-Term Debt

The following is a summary of the components of long-term debt and related transactions of the Association for the year ended June 30, 2020:

	Balance 7/1/2019	Additions	Reductions/ Payments	Balance 06/30/20	Amounts due Within One Year
Net Pension Liability - TRS	\$ 1,280,143	\$ -	\$ (59,849)	\$ 1,220,294	\$ -
Net Pension Liability - IMRF	5,708,273	-	(4,365,502)	1,342,771	-
Net OPEB liability - THIS	13,109,966	45,176	-	13,155,142	-
Net OPEB liability - Association	534,624	-	(26,249)	508,375	-
Compensated absences	<u>81,850</u>	<u>-</u>	<u>(21,928)</u>	<u>59,922</u>	<u>-</u>
Total long-term debt	<u>\$ 20,714,856</u>	<u>\$ 45,176</u>	<u>\$ (4,473,528)</u>	<u>\$ 16,286,504</u>	<u>\$ -</u>

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems

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

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

Plan Description

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

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

Benefits Provided

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

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

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs 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% of the total actuarial liabilities of the System by the end of fiscal year 2045.

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

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the SASSED. For the year ended June 30, 2020, State of Illinois contributions recognized by the SASSED were based on the State's proportionate share of the pension expense associated with the SASSED, and the SASSED recognized revenue and expenditures of \$5,048,706 in pension contributions from the State of Illinois.

2.2 formula contributions. The SASSED contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2020 were \$64,845, and are deferred because they were paid after the June 30, 2019 measurement date.

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

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

For the year ended June 30, 2020, the employer pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$198,619 were paid from the federal and special trust funds that required employer contributions of \$21,173. These contributions are deferred because they were paid after the June 30, 2019 measurement date.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

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 SASSED is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2020, SASSED paid \$7,979 to TRS for employee contributions due on salary increases in excess of 6 percent and made no payment for sick leave days granted in excess of the normal allotment.

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

At June 30, 2020, the SASSED reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the SASSED. The State's support and total are for disclosure purposes only. The amount recognized by the SASSED as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the SASSED follows below:

SASSED's proportionate share of the net pension liability	\$ 1,220,294
State's proportionate share of the net pension liability associated with SASSED	<u>86,846,966</u>
Total	<u><u>\$ 88,067,260</u></u>

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

For the year ended June 30, 2020, the SASSED recognized pension expense of \$9,429,415 and revenue of \$9,429,415 for support provided by the state. At June 30, 2020, the SASSED had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 20,010	\$ -
Changes in assumptions	27,343	23,423
Net difference between projected and actual earnings in pension plan investments	1,933	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,753,459
Total deferred amounts to be recognized in pension expense in future periods	49,286	5,776,882
SASSED's contributions subsequent to the measurement date	93,997	-
Total	\$ 143,283	\$ 5,776,882

\$93,997 reported as deferred outflows of resources related to pensions resulting from SASSED contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in these reporting years:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2021	\$ (1,931,161)
2022	(1,828,494)
2023	(1,359,632)
2024	(600,477)
2025	(7,832)
Total	\$ (5,727,596)

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

Actuarial Assumptions

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

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

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

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

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

Discount Rate

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SASSED's proportionate share of the net pension liability	\$ 1,490,482	\$ 1,220,294	\$ 998,145

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

b. Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

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

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	283
Inactive employees entitled to but not yet receiving benefits	632
Active employees	<u>262</u>
Total	<u><u>1,177</u></u>

Contributions - As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2019 was 8.56%. For the fiscal year ended June 30, 2020, the employer contributed \$1,090,364 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

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

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

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	37.0 %	5.75 %
International equities	18.0 %	6.50 %
Fixed income	28.0 %	3.25 %
Real estate	9.0 %	5.20 %
Alternatives	7.0 %	3.60-7.60 %
Cash	1.0 %	1.85 %
Total	100.0 %	

Single Discount Rate

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 7,966,291	\$ 1,342,771	\$ (4,081,280)

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 47,338,058	\$ 41,629,785	\$ 5,708,273
Changes for the year:			
Service cost	1,094,172	-	1,094,172
Interest on the total pension liability	3,403,365	-	3,403,365
Differences between expected and actual experience of the total pension liability	176,928	-	176,928
Contributions - employer	-	933,466	(933,466)
Contributions - employees	-	492,658	(492,658)
Net investment income	-	7,669,423	(7,669,423)
Benefit payments, including refunds of employee contributions	(1,884,363)	(1,884,363)	-
Other (net transfer)	-	(55,580)	55,580
Net changes	2,790,102	7,155,604	(4,365,502)
Balances at December 31, 2019	\$ 50,128,160	\$ 48,785,389	\$ 1,342,771

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

For year ended June 30, 2019, the SASSED recognized pension expense of \$1,438,826. At June 30, 2020, the SASSED reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources which are not reported due to the financial reporting provisions of the Illinois State Board of Education.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 166,320	\$ -
Changes in assumptions	228,758	-
Net difference between projected and actual earnings on pension plan investments	-	1,888,163
Total deferred amounts to be recognized in pension expense in future periods	395,078	1,888,163
SASSED's contributions subsequent to the measurement date	739,560	-
Total	\$ 1,134,638	\$ 1,888,163

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 5: Employee Retirement Systems (Continued)

\$739,560 reported as deferred outflows of resources related to pensions resulting from SASSED contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2021	\$ (137,765)
2022	(554,323)
2023	132,981
2024	(933,978)
Total	\$ (1,493,085)

Aggregate Pension Amounts - At June 30, 2020, SASSED reported the following from all pension plans:

	TRS	IMRF	Total
Net pension liability/(asset)	\$ 1,220,294	\$ 1,342,771	\$ 2,563,065
Deferred outflows of resources	143,283	1,134,638	1,277,921
Deferred inflows of resources	5,776,882	1,888,163	7,665,045

Note 6: Other Postemployment Benefits

a. Teacher Health Insurance Security (THIS)

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

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

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

Benefits Provided

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

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

Contributions

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

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

On-behalf contributions to THIS. The state of Illinois makes employer retiree health insurance contributions on behalf of the SASSED. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2020. State of Illinois contributions were \$138,634, and the SASSED recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The SASSED also makes contributions to THIS Fund. The SASSED THIS Fund contribution was 0.92% during the year ended June 30, 2020. For the year ended June 30, 2020, the SASSED paid \$102,857 to the THIS Fund, which was 100 percent of the required contribution.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

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

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

SASSED's proportionate share of the net OPEB liability	\$ 13,155,142
State's proportionate share of the net OPEB liability associated with SASSED	<u>17,813,741</u>
Total	<u><u>\$ 30,968,883</u></u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The SASSED's proportion of the net OPEB liability was based on the SASSED's share of contributions to TRS for the measurement year ended June 30, 2019, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2019, the SASSED's proportion was 0.047530%, which was an decrease of (0.002231)% from its proportion measured as of June 30, 2018.

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 218,299
Changes in assumptions	4,987	1,508,008
Net difference between projected and actual earnings in OPEB plan investments	-	431
Changes in proportion and differences between employer contributions and proportionate share of contributions	30	<u>1,274,827</u>
Total deferred amounts to be recognized in OPEB expense in future periods	5,017	3,001,565
SASSED's contributions subsequent to the measurement date	<u>102,857</u>	-
Total	<u><u>\$ 107,874</u></u>	<u><u>\$ 3,001,565</u></u>

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

\$102,857 reported as deferred outflows of resources related to OPEB resulting from SASSED contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2021	\$ (557,433)
2022	(557,433)
2023	(557,399)
2024	(557,328)
2025	(433,583)
Thereafter	(333,372)
 Total	 \$ (2,996,548)

Actuarial Valuation Method

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

Actuarial Assumptions.

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

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for Excise Tax.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

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

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

Discount Rate

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

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

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

	1% Decrease	Current	1% Increase
	2.13%	Discount Rate 3.13%	4.13%
SASSED's proportionate share of the net OPEB liability	\$ 15,817,255	\$ 13,155,142	\$ 11,052,644

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

The following presents the SASSED's proportionate share of the net OPEB liability would be if it were calculated using the healthcare cost trend rate, as well as what the SASSED's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.81% in 2027 for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage:

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
SASSED's proportionate share of the net OPEB liability	\$ 10,628,282	\$ 13,155,142	\$ 16,567,986

- a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.81% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- b) One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.81% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

b. Retirees' Health Plan

Plan Description:

The SASSED administers a single-employer defined benefit healthcare plan, the "Retiree Healthcare Benefit Program" (the Plan). The plan provides healthcare insurance for eligible retirees and their dependents through SASSED's group health insurance plan, which covers both active and retired members. Benefit provisions are established by state law and through negotiations between the Association and the unions representing Association employees, which are renegotiated each bargaining period. As of June 30, 2020, all retirees are eligible for benefits pre-and post-Medicare. The plan does not issue a stand-alone financial report.

Funding Policy

All plan funding is done on a pay-as-you go basis. Eligibility – Educational support employees who contribute to the Illinois Municipal Retirement Fund (IMRF) are eligible for postemployment medical coverage. For retirement benefits, the member must have worked at least 8 years and must be at least 55 years old. Certified employees who contribute to the Teachers' Retirement Service (TRS) are eligible for a subsidized benefit once they retire with 15 years and have attained 55 years of age. Both teachers and support staff may elect COBRA coverage for dental benefits.

SASSED offers a flat reimbursement subsidy for certified employees who retire after age 55 with 15 years of service. The subsidy is that SASSED will pay up to \$200 per month for the cost of the retiree's health insurance policy (presumably through TCHP). The subsidy for current retirees will extend for five years, irrespective of the age at retirement. Staff workers may retire after age 55 with 8 years of service, but no subsidy is provided in such

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

case. They are, however, eligible to participate in SASSED’s plan. For the dental plan, benefits for staff retirees continue as long as COBRA premiums are paid, even past age 65. Effective July 2008, Group Life Insurance is provided by SASSED after retirement, but retirees must pay the full premium. There is therefore no liability to SASSED for this benefit.

Employees Covered by Benefit Terms

As of June 30, 2020, the following employees were covered by the benefit terms:

Retirees currently receiving benefits	14
Active employees	299
	299
Total	313

Actuarial Assumptions

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

Actuarial cost method	Entry age normal with level percentage of salary
Asset valuation method	Market value
Discount rate	2.21%
Inflation rate	2.00%
Salary rate increase	2.00%
Retirement rates	Specific to SASSED
Mortality	PUB-2010 Teachers’ Headcount-weighted mortality base rates generationally projected with scale MP-2019.
Healthcare cost trend rates	Trend starts at 5.0%, and gradually decreases to an ultimate trend of 3.7%. Dental costs are assumed to increase at 3% per annum.

Discount Rate

The SASSED does not have a dedicated trust to pay the benefits of the Plan. Per GASB 75, this discount rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The discount rate used is 2.21%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 30, 2020.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at June 30, 2019	\$ 534,624	\$ -	\$ 534,624
Changes for the year:			
Service cost	24,129	-	24,129
Interest on the total OPEB liability	19,500	-	19,500
Changes of benefit terms	-	-	10
Differences between expected and actual experience	(47,309)	-	(47,309)
Changes of assumptions and other inputs	41,001	-	41,001
Contributions - employer	-	63,570	(63,570)
Contributions - active & inactive employees	-	-	-
Net investment income	-	-	-
Benefit payments - includes the implicit rate subsidy	(63,570)	(63,570)	-
Net changes	(26,249)	-	(26,239)
Balances at June 30, 2020	\$ 508,375	\$ -	\$ 508,385

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the SASSED's total OPEB liability calculated using the discount rate of 2.21%, as well as what the SASSED's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 543,501	\$ 508,385	\$ 476,505

The following present the SASSED's total OPEB liability calculated using the healthcare cost trend rate, as well as what the SASSED's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
Total OPEB liability	\$ 499,625	\$ 508,385	\$ 518,613

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 6: Other Postemployment Benefits (Continued)

(a) One percentage point decrease in healthcare trend rates are 4.00% in 2020 decreasing to an ultimate trend rate of 2.70% in 2035.

(b) One percentage point increase in healthcare trend rates are 6.00% in 2020 increasing to an ultimate trend rate of 4.70% in 2035.

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

For the year ended June 30, 2020, the SASSED recognized OPEB expense of \$39,317. At June 30, 2020, the SASSED reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 2,442	\$ 47,347
Changes in assumptions	19,117	-
Total	\$ 21,559	\$ 47,347

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

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (4,312)
2022	(4,312)
2023	(4,312)
2024	(4,312)
2025	(4,465)
Thereafter	(4,075)
Total	\$ (25,788)

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 7: School Employees Loss Fund (SELF)

SASED is a member of SELF, which has been formed to reduce local Associations' workers' compensation costs. SELF is controlled by a Board of Directors, which is composed of representatives designated by each member. The day-to-day operations of SELF are managed through an Executive Board elected by the Board of Directors. Each member has a financial responsibility for annual membership contributions, which are calculated to provide for administrative expenses, specific and aggregate excess insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses, which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those that must be incurred prior to the attachment of excess insurance coverage.

Note 8: Self Insurance Plan

SASED maintains a self-insurance plan to provide medical insurance to its employees. An outside administrator administers claims for a fixed fee per enrolled employee. SASED makes periodic payments to an escrow account established by the plan administrator. The administrator pays employee claims from this escrow account and requires SASED to cover any deficiencies. SASED's liability is limited by private insurance that provides a \$125,000 specific stop loss and a maximum aggregate stop loss of \$3,524,551. A liability of \$2,410,440 has been recorded as estimated claims incurred but not yet reported. Claims incurred but not yet reported include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future development on claims already reported.

A summary of the changes in SASED's claims liability is as follows:

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Claims liability at July 1	\$ 1,609,593	\$ 2,176,014
Current year claims and changes in estimates	5,841,356	4,472,741
Claim payments	<u>(5,040,509)</u>	<u>(5,039,162)</u>
Claims liability at June 30	<u>\$ 2,410,440</u>	<u>\$ 1,609,593</u>

Note 9: Risk Management

SASED is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees and natural disasters. SASED has purchased commercial insurance to cover all risks of loss related to general liability, auto liability, property damage, theft and workers' compensation. Premiums have been displayed as expenditures in appropriate funds. No significant reductions in insurance coverage have occurred from the prior year, and no settlements have been made in the last three years which exceeded any insurance coverage.

School Association for Special Education in Dupage County

Notes to Financial Statements

Note 10: Operating Lease

During fiscal year 2017, SASSED entered into an operating lease for approximately 27,039 square feet of office space located at 2900 Ogden Avenue, Lisle, Illinois. The ten year lease commenced on November 1, 2016 through October 31, 2026. Annual rent payments for the fiscal year total \$542,581. The lease calls for annual rent increases of 1.95 percent.

School Association for Special Education in Dupage County

Schedule of Changes in the Employer's Net Pension

Liability and Related Ratios

Illinois Municipal Retirement Fund

Last Six Calendar Years

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 1,094,172	\$ 1,137,775	\$ 1,269,053	\$ 1,339,836
Interest	3,403,365	3,195,432	3,106,172	2,909,811
Differences between expected and actual experience	176,928	426,069	(469,428)	(347,976)
Changes of assumption	-	1,378,584	(1,152,801)	-
Benefit payments, including refunds of member contributions	(1,884,363)	(1,673,356)	(1,321,091)	(1,175,165)
Net change in total pension liability	2,790,102	4,464,504	1,431,905	2,726,506
Total pension liability, beginning	47,338,058	42,873,554	41,441,649	38,715,143
Total pension liability, ending	\$50,128,160	\$47,338,058	\$42,873,554	\$41,441,649
Plan Fiduciary Net Position				
Contributions - employer	\$ 933,466	\$ 1,208,176	\$ 1,283,059	\$ 1,355,352
Contributions - member	492,658	518,168	528,577	550,179
Net investment income	7,669,423	(2,089,922)	6,263,367	2,317,613
Benefit payments, including refunds of member contributions	(1,884,363)	(1,673,356)	(1,321,091)	(1,175,165)
Other	(55,580)	856,694	(872,292)	8,474
Net change in plan fiduciary net position	7,155,604	(1,180,240)	5,881,620	3,056,453
Plan net position, beginning	41,629,785	42,810,025	36,928,405	33,871,952
Plan net position, ending	\$48,785,389	\$41,629,785	\$42,810,025	\$36,928,405
Employer's net pension liability	\$ 1,342,771	\$ 5,708,273	\$ 63,529	\$ 4,513,244
Plan fiduciary net position as a percentage of the total pension liability	97.32 %	87.94 %	99.85 %	89.11 %
Covered payroll	\$10,659,800	\$10,943,624	\$11,476,369	\$12,079,571
Employer's net pension liability as a percentage of covered payroll	12.60 %	52.16 %	0.55 %	37.36 %

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

<u>2015</u>	<u>2014</u>
\$ 1,300,518	\$ 1,393,434
2,674,446	2,368,719
213,406	(138,810)
-	1,423,935
(964,505)	(884,398)
3,223,865	4,162,880
35,491,278	31,328,398
\$ 38,715,143	\$ 35,491,278

\$ 1,303,492	\$ 1,340,525
543,624	549,289
170,748	1,908,335
(964,505)	(884,398)
(889,706)	13,073
163,653	2,926,824
33,708,299	30,781,475
\$ 33,871,952	\$ 33,708,299
\$ 4,843,191	\$ 1,782,979

87.49 % 94.98 %

\$ 12,080,555 \$ 11,628,516

40.09 % 15.33 %

School Association for Special Education in Dupage County

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Last Six Fiscal Years

Fiscal Year	Actuarially Determined	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 1,090,364	\$ 1,090,364	\$ -	\$ 10,933,291	9.97 %
2019	1,006,856	1,006,856	-	10,594,063	9.50 %
2018	1,251,095	1,251,095	-	11,277,020	11.09 %
2017	1,309,652	1,309,652	-	11,697,826	11.20 %
2016	1,353,096	1,353,096	-	12,241,693	11.05 %
2015	1,340,441	1,340,441	-	11,978,920	11.19 %

Notes to Schedule

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

Methods and assumptions used to determine contribution rates

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24-year closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

School Association for Special Education in Dupage County

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

Last Six Fiscal Years

	2020*	2019*	2018*	2017*	2016*
Employer's proportion of the net pension liability	0.0015 %	0.0016 %	0.0112 %	0.0149 %	0.0162 %
Employer's proportion share of the net pension liability	\$ 1,220,294	\$ 1,280,143	\$ 8,567,617	\$ 11,747,721	\$ 10,618,170
State's proportionate share of the net pension liability associated with the employer	86,846,966	87,695,128	89,012,284	98,153,148	81,540,092
	<u>\$ 88,067,260</u>	<u>\$ 88,975,271</u>	<u>\$ 97,579,901</u>	<u>\$ 109,900,869</u>	<u>\$ 92,158,262</u>
Employer's covered payroll	\$ 11,682,821	\$ 11,803,976	\$ 12,050,115	\$ 12,365,810	\$ 12,592,331
Employer's proportionate share of the net pension liability as a percentage of covered payroll	10.45 %	10.85 %	71.10 %	95.00 %	84.32 %
Plan fiduciary net position as a percentage of the total pension liability	39.60 %	40.00 %	39.30 %	36.40 %	41.50 %

Notes to Schedule

Changes of assumptions

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

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

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

* Valuation was as of the prior fiscal-year end.

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

2015*

0.0180 %

\$ 10,967,357

75,910,849

\$ 86,878,206

\$ 12,345,423

88.84 %

43.00 %

School Association for Special Education in Dupage County
Schedule of Employer Contributions
Teachers' Retirement System
 Last Six Fiscal Years

Fiscal Year	Actuarially Determined	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 93,997	\$ 93,997	\$ -	\$ 11,180,142	0.84 %
2019	119,842	119,842	-	11,682,821	1.03 %
2018	164,722	164,722	-	11,803,976	1.40 %
2017	455,036	455,036	-	12,050,115	3.78 %
2016	616,753	616,753	-	12,365,810	4.99 %
2015	567,940	567,940	-	12,592,331	4.51 %

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

School Association for Special Education in Dupage County

Schedule of the Employer's Proportionate Share of the Net

Other Post-Employment Benefit Liability

Teachers' Health Insurance Security Fund

Last Three Fiscal Years

	2020*	2019*	2018*
Employer's proportion of the net OPEB liability	0.047530 %	0.049761 %	0.052414 %
Employer's proportion share of the net OPEB liability	\$ 13,155,142	\$ 13,109,966	\$ 13,601,220
State's proportionate share of the net OPEB liability associated with the employer	17,813,741	17,603,862	17,861,782
Total	\$ 30,968,883	\$ 30,713,828	\$ 31,463,002
Employer's covered payroll	\$ 11,682,821	\$ 11,803,976	\$ 12,050,115
Employer's proportionate share of the net OPEB liability as a percentage of covered payroll	112.60 %	111.06 %	112.87 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.22)%	(0.07)%	(0.17)%

* Valuation was as of the prior fiscal-year end.

SASED implemented GASB Statement No. 75 in fiscal year 2018.

Information prior to fiscal year 2018 is not available.

School Association for Special Education in Dupage County
Schedule of Employer Contributions
Teachers' Health Insurance Security Fund
 Last Three Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 102,857	\$ 102,857	\$ -	\$ 11,180,142	0.92 %
2019	107,482	107,482	-	11,682,821	0.92 %
2018	103,875	103,875	-	11,803,976	0.88 %

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

School Association for Special Education in Dupage County

Schedule of Changes in the Employer's Total OPEB Liability

Post-Retirement Health Plan

Last Three Fiscal Years

	2020	2019	2018
Total Other Post-Employment Benefit (OPEB) Liability			
Service cost	\$ 24,129	\$ 17,696	\$ 15,766
Interest	19,500	22,452	24,366
Differences between expected and actual experience	(47,309)	(56,677)	-
Changes of assumption	41,001	25,895	3,999
Benefit payments, including refunds of member contributions	(63,570)	(32,751)	(99,965)
Net change in total pension liability	(26,249)	(23,385)	(55,834)
Total OPEB liability, beginning	534,624	558,009	613,843
Total OPEB liability, ending	\$ 508,375	\$ 534,624	\$ 558,009
Contributions - employer	\$ 63,570	\$ 32,751	\$ 99,965
Benefit payments, including refunds of member contributions	(63,570)	(32,751)	(99,965)
Employer's net OPEB liability	\$ 508,375	\$ 534,624	\$ 558,009
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %	0.00 %
Covered-employee payroll	\$ 16,110,952	\$ 18,279,536	\$ 16,510,688
Employer's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	3.16 %	2.92 %	3.38 %

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

School Association for Special Education in Dupage County

Schedule of Employer Contributions

Post-Retirement Health Plan

Last Three Fiscal Years

Fiscal Year	Actuarially Determined	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 39,317	\$ 63,570	\$ (24,253)	\$ 16,110,952	0.39 %
2019	36,637	32,751	3,886	18,279,536	0.18 %
2018	40,651	99,965	(59,314)	16,510,688	0.61 %

SASED implemented GASB Statement No. 75 in fiscal year 2018.

Information prior to fiscal year 2018 is not available.

School Association for Special Education in Dupage County

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - General Fund

	General Fund		
<i>Year Ended June 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Local sources	\$ 33,617,171	\$ 27,909,979	\$ (5,707,192)
Flow-through sources	806,277	806,278	1
State sources	4,488,105	8,479,028	3,990,923
Federal sources	2,462,845	2,313,901	(148,944)
Total revenues	41,374,398	39,509,186	(1,865,212)
Expenditures			
Current Operating			
Instruction	24,341,972	23,529,769	(812,203)
Support services	17,678,476	15,346,980	(2,331,496)
Non-programmed charges	3,950	7,048	3,098
Total expenditures	42,024,398	38,883,797	(3,140,601)
Excess of revenues over expenditures	(650,000)	625,389	1,275,389
Other financing sources (uses)			
Transfers in	650,000	650,000	-
Transfers out	(650,000)	(650,000)	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	<u>\$ (650,000)</u>	625,389	<u>\$ 1,275,389</u>
Fund balance at beginning of year		<u>8,730,786</u>	
Fund balance at end of year		<u><u>\$ 9,356,175</u></u>	

School Association for Special Education in Dupage County

Combining Balance Sheet by Account

General Fund

<i>June 30, 2020</i>	Educational	Operations and Maintenance	Total
Assets			
Cash and cash equivalents	\$ 15,377,324	\$ 309,270	\$ 15,686,594
Intergovernmental accounts receivable	1,585,196	(4,660)	1,580,536
Other current assets	52,100	-	52,100
Total assets	\$ 17,014,620	\$ 304,610	\$ 17,319,230
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts payable	\$ 3,024,220	\$ -	\$ 3,024,220
Accrued salaries and related expenditures	2,457,571	-	2,457,571
Accrued self insurance claims	2,481,264	-	2,481,264
Total liabilities	7,963,055	-	7,963,055
Fund balances			
Nonspendable	52,100	-	52,100
Unassigned	8,999,465	304,610	9,304,075
Total fund balances	9,051,565	304,610	9,356,175
Total liabilities, deferred inflows, and fund balances	\$ 17,014,620	\$ 304,610	\$ 17,319,230

School Association for Special Education in Dupage County

Combining Statement of Revenues, Expenditures and

Changes In Fund Balances by Account

General Fund

<i>Year Ended June 30, 2020</i>	Educational	Operations and Maintenance	Total
Revenues			
Local sources	\$ 27,709,899	\$ 200,080	\$ 27,909,979
Flow-through sources	806,278	-	806,278
State sources	8,429,028	50,000	8,479,028
Federal sources	2,313,901	-	2,313,901
Total revenues	39,259,106	250,080	39,509,186
Expenditures			
Current operating			
Instruction	23,529,769	-	23,529,769
Support Services	14,982,723	364,257	15,346,980
Community services	7,048	-	7,048
Total expenditures	38,519,540	364,257	38,883,797
Excess of revenues over (under) expenditures	739,566	(114,177)	625,389
Other financing sources (uses)			
Transfers in	-	650,000	650,000
Transfers out	(650,000)	-	(650,000)
Total other financing sources (uses)	(650,000)	650,000	-
Net change in fund balances	89,566	535,823	625,389
Fund balances at beginning of year	8,961,999	(231,213)	8,730,786
Fund balances at end of year	\$ 9,051,565	\$ 304,610	\$ 9,356,175

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and

Changes In Fund Balance

Budget and Actual

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Local sources			
Tuition	\$ 17,836,483	\$ 15,745,545	\$ (2,090,938)
Earnings on investments	250,000	230,426	(19,574)
Food services	25,791	-	(25,791)
Other	15,254,897	11,733,928	(3,520,969)
Total local sources	33,367,171	27,709,899	(5,657,272)
Flow through sources			
Flow-through Revenue from Federal Sources	806,277	806,278	1
State sources			
Restricted grants-in-aid			
Evidence Based Funding Formula	2,799,605	2,799,607	2
CTE - Technical education	1,500	273	(1,227)
State free lunch & breakfast	7,000	1,264	(5,736)
Transportation - special education	380,000	440,544	60,544
State of Illinois on-behalf contributions	1,300,000	5,187,340	3,887,340
Total state sources	4,488,105	8,429,028	3,940,923
Federal sources			
Restricted grants-in-aid received from federal government through the state			
Other Restricted Grants-In-Aid	495,000	-	(495,000)
National School Lunch Program	125,000	60,274	(64,726)
School Breakfast Program	20,000	27,864	7,864
Summer Food Service Program	-	3,931	3,931
Preschool Discretionary	8,268	353,981	345,713
IDEA - Discretionary	409,000	-	(409,000)
Medicaid matching/administrative outreach	1,115,254	762,292	(352,962)
Other Restricted Revenue from Federal Sources	290,323	1,105,559	815,236
Total federal sources	2,462,845	2,313,901	(148,944)
Total revenues	41,124,398	39,259,106	(1,865,292)

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and Changes In Fund Balance Budget to Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Expenditures			
Instruction			
Special education programs			
Salaries	\$ 13,294,125	\$ 12,741,999	\$ (552,126)
Employee benefits	3,433,844	3,292,752	(141,092)
Purchased services	5,166,012	1,478,234	(3,687,778)
Supplies and materials	289,737	205,802	(83,935)
Non-capitalized equipment	37,000	20,402	(16,598)
State of Illinois on-behalf payments	1,300,000	5,187,340	3,887,340
Total	23,520,718	22,926,529	(594,189)
CTE programs			
Salaries	64,215	60,868	(3,347)
Employee benefits	22,877	23,853	976
Purchased services	172,138	(206,634)	(378,772)
Supplies and materials	31,093	21,870	(9,223)
Total	290,323	(100,043)	(390,366)
Summer school			
Salaries	394,084	558,797	164,713
Employee benefits	30,146	38,834	8,688
Purchased services	77,701	92,553	14,852
Supplies and materials	29,000	13,099	(15,901)
Total	530,931	703,283	172,352
Total instruction	24,341,972	23,529,769	(812,203)
Support services			
Pupils			
Health services			
Salaries	4,400,751	4,592,830	192,079
Employee benefits	1,393,040	1,509,332	116,292
Purchased services	1,673,234	493,254	(1,179,980)
Supplies and materials	18,000	14,957	(3,043)
Capital outlay	30,000	15,520	(14,480)
Non-capitalized equipment	-	5,429	5,429
Total	7,515,025	6,631,322	(883,703)

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and Changes In Fund Balance Budget to Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Psychological services			
Salaries	\$ 56,265	\$ -	\$ (56,265)
Employee benefits	7,833	-	(7,833)
Purchased services	902	-	(902)
Total	65,000	-	(65,000)
Speech pathology and audiology services			
Salaries	129,326	153,394	24,068
Employee benefits	43,710	50,719	7,009
Purchased services	45,937	16,174	(29,763)
Supplies and materials	3,000	5,017	2,017
Non-capitalized equipment	10,000	9,244	(756)
Total	231,973	234,548	2,575
Total pupils	7,811,998	6,865,870	(946,128)
Instructional staff			
Improvement of instruction services			
Salaries	2,418,978	2,266,749	(152,229)
Employee benefits	504,033	484,280	(19,753)
Purchased services	950,375	810,086	(140,289)
Supplies and materials	70,779	64,625	(6,154)
Non-capitalized equipment	2,000	7,825	5,825
Total	3,946,165	3,633,565	(312,600)
Total instructional staff	3,946,165	3,633,565	(312,600)
General administration			
Board of education			
Purchased services	-	236	236
Total	-	236	236
Executive administration			
Salaries	520,523	485,588	(34,935)
Employee benefits	173,604	140,074	(33,530)
Purchased services	130,370	132,437	2,067
Supplies and materials	20,800	19,338	(1,462)
Total	845,297	777,437	(67,860)

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and

Changes In Fund Balance

Budget to Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Special area administrative services			
Salaries	\$ 86,910	\$ 200,896	\$ 113,986
Employee benefits	25,273	48,208	22,935
Purchased services	3,041	4,883	1,842
Supplies and materials	-	52	52
Total	115,224	254,039	138,815
Total general administration	960,521	1,031,712	71,191
Business			
Direction of business services			
Salaries	125,000	139,018	14,018
Employee benefits	48,514	29,514	(19,000)
Purchased services	10,275	13,511	3,236
Total	183,789	182,043	(1,746)
Fiscal services			
Salaries	293,185	293,504	319
Employee benefits	98,545	102,666	4,121
Purchased services	106,501	88,998	(17,503)
Supplies and materials	2,500	7,273	4,773
Total	500,731	492,441	(8,290)
Operation and maintenance of plant services			
Salaries	65,779	45,926	(19,853)
Employee benefits	12,136	12,792	656
Purchased services	428,868	347,671	(81,197)
Supplies and materials	5,000	15,868	10,868
Capital outlay	-	9,050	9,050
Total	511,783	431,307	(80,476)
Pupil transportation services			
Salaries	568,181	403,022	(165,159)
Employee benefits	140,028	135,760	(4,268)
Purchased services	160,825	157,091	(3,734)
Supplies and materials	10,000	13,292	3,292
Capital outlay	150,000	139,656	(10,344)
Total	1,029,034	848,821	(180,213)

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and

Changes In Fund Balance

Budget to Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Food services			
Salaries	\$ 24,000	\$ 24,059	\$ 59
Employee benefits	10,731	10,777	46
Purchased services	142,060	96,505	(45,555)
Supplies and materials	1,000	13	(987)
	177,791	131,354	(46,437)
Total			
Total business	2,403,128	2,085,966	(317,162)
Staff services			
Salaries	296,994	296,493	(501)
Employee benefits	92,306	92,782	476
Purchased services	76,255	57,331	(18,924)
Supplies and materials	2,000	1,132	(868)
	467,555	447,738	(19,817)
Total			
Data processing services			
Salaries	272,000	227,793	(44,207)
Employee benefits	101,229	75,652	(25,577)
Purchased services	490,880	444,617	(46,263)
Supplies and materials	40,000	25,061	(14,939)
Capital outlay	90,000	-	(90,000)
Non-capitalized equipment	195,000	144,749	(50,251)
	1,189,109	917,872	(271,237)
Total			
Total central	1,656,664	1,365,610	(291,054)
Total support services	16,778,476	14,982,723	(1,795,753)
Non-programmed charges	3,950	7,048	3,098
Total expenditures	41,124,398	38,519,540	(2,604,858)
Excess of revenue over expenditures	-	739,566	739,566

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and

Changes In Fund Balance

Budget to Actual (Continued)

<i>Year Ended June 30, 2020</i>	Educational Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Other financing sources (uses)			
Transfers out	\$ (650,000)	\$ (650,000)	\$ -
Total other financing sources (uses)	(650,000)	(650,000)	-
Net change in fund balance	\$ (650,000)	89,566	\$ 739,566
Fund balance at beginning of year		8,961,999	
Fund balance at end of year		\$ 9,051,565	

School Association for Special Education in Dupage County

Schedule of Revenues, Expenditures and Changes In Fund Balance

Budget and Actual

<i>Year Ended June 30, 2020</i>	Operations & Maintenance Account		
	2020		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Local sources			
Payment from other districts	250,000	200,080	(49,920)
Total local sources	250,000	200,080	(49,920)
State sources			
Other grants-in-aid	-	50,000	50,000
Total revenues	250,000	250,080	80
Expenditures			
Current operating			
Support services			
Facility acquisition & construction services			
Capital outlay	900,000	364,257	(535,743)
Total expenditures	900,000	364,257	(535,743)
Excess of revenue over (under) expenditures	(650,000)	(114,177)	535,823
Other Financing Sources			
Transfers in	650,000	650,000	-
Total other financing sources	650,000	650,000	-
Net change in fund balance	\$ -	535,823	\$ 535,823
Fund balance at beginning of year		(231,213)	
Fund balance at end of year		\$ 304,610	

School Association for Special Education in Dupage County

Schedule of Changes in Assets and Liabilities

Fiduciary Funds - Agency Funds - Activity Funds

	Balance 7/1/2019	Additions	Reductions	Balance 06/30/20
Assets				
Cash	\$ -	\$ 15,090	\$ -	\$ 15,090
Liabilities				
Due to organizations	\$ -	\$ 15,090	\$ -	\$ 15,090