



**WASHINGTON,  
PITTMAN &  
MCKEEVER, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
(312) 786-0330**

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**

**FINANCIAL AUDIT**  
**INDIVIDUAL GOVERNMENTAL FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

**Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois**

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**FINANCIAL AUDIT**  
**INDIVIDUAL GOVERNMENTAL FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT  
INDIVIDUAL GOVERNMENTAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

**AGENCY OFFICIALS**

President	Dr. José M. Torres, Ph.D.
Chief Operating Officer	Mr. Lawrence Bergie
Executive Director of Business and Financial Operations	Ms. Kimberly Corrao, MBA

**BOARD OF TRUSTEES**

Chairman	Dr. Erin W. Roche
1 <sup>st</sup> Vice Chairman	Dr. Paula Olszewski-Kubilius
2 <sup>nd</sup> Vice Chairman	Ms. Carey L. Mayer
Ex-Officio Member (1/1/2019 to present)	Dr. Nyle Robinson
Ex-Officio Member (7/1/2018 to 12/31/2018)	Dr. Al Bowman
Ex-Officio Member (2/27/2019 to present)	Dr. Carmen Ayala
Ex-Officio Member (7/1/2018 to 1/31/2019)	Dr. Tony Smith
Ex-Officio Member (12/1/2018 to present)	Dr. Brian Durham
Ex-Officio Member (7/1/2018 to 11/30/2018)	Dr. Karen Hunter Anderson
Ex-Officio Member	Dr. Jeffrey Craig
Trustee	Dr. Rebecca Sherrick
Trustee	Mr. Sergio Pereira
Trustee	Ms. Kathleen Clarke
Trustee	Dr. Jerome “Jay” Budzik
Trustee	Dr. Steven T. Isoye
Trustee	Dr. Alfred Tatum
Trustee	Dr. Luis Núñez
Trustee	Dr. Marsha R. Rosner
Trustee	Mr. Eric R. Brown
Trustee	Dr. Herbert Steven Sims

The Academy is located at:  
1500 Sullivan Rd.  
Aurora, IL 60506-1000

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT  
INDIVIDUAL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the Illinois Mathematics and Science Academy (Academy) was performed by Washington, Pittman & McKeever, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Academy's basic financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund.

**EXIT CONFERENCE**

The Academy waived an exit conference in a correspondence from Kimberly Corrao, Executive Director of Business and Financial Operations, dated November 21, 2019.



**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS**  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 financial position of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the Illinois Mathematics and Science Academy, as of June 30, 2019 and 2018, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund and do not purport to, and do not, present fairly the financial position of either the State of Illinois or Illinois Mathematics and Science Academy as of June 30, 2019 and 2018, and the respective changes in its financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

#### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund's financial statements.

The General Fund Combining Schedules of Accounts and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 December 5, 2019 on our consideration of the Illinois Mathematics and Science Academy’s internal control over financial reporting of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Illinois Mathematics and Science Academy’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 Illinois Mathematics and Science Academy’s internal control over financial reporting and compliance.

**Restricted Use of this Auditor’s Report**

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the Illinois Mathematics and Science Academy’s Board of Trustees, and the Illinois Mathematics and Science Academy’s management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois  
December 5, 2019

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
SHARED GENERAL GOVERNMENTAL FUND  
BALANCE SHEETS  
AS OF JUNE 30,**

	<b>GENERAL FUND</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Unexpended appropriations	\$ 1,489,042	\$ 1,753,585
Total Assets	\$ 1,489,042	\$ 1,753,585
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,469,465	\$ 1,695,541
Due to other governments - federal	11,937	10,681
Due to other governments - local	4,544	39,445
Due to other Academy funds	1,597	6,350
Due to other State funds	-	1,568
Due to Component Units	1,499	-
Total Liabilities	1,489,042	1,753,585
 <b>FUND BALANCE</b>		
Unassigned	-	-
Total fund balances	-	-
Total liabilities and fund balance	\$ 1,489,042	\$ 1,753,585

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

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**SHARED GENERAL GOVERNMENTAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>GENERAL FUND</b>	
	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Other Operating Grant Revenue	\$ 125	\$ 1,151
Other General Revenue	264	3,350
Total Revenues and Other Sources	389	4,501
<b>EXPENDITURES</b>		
Education	18,117,819	17,766,950
Debt Service		
Principal	41,000	14,000
Interest and other charges	7,000	2,000
Capital Outlays	209,711	223,754
Total Expenditures	18,375,530	18,006,704
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>		
Appropriations from State resources	18,391,900	18,030,700
Lapsed Appropriations	(16,370)	(23,996)
Receipts collected and transmitted to State Treasury	(389)	(4,501)
Net Other Sources of Financial Resources	18,375,141	18,002,203
Changes in fund balance	-	-
Fund Balance - beginning of the year	-	-
Fund Balance - end of the year	\$ -	\$ -

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

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

	<b>IMSA Special Purposes Trust Fund - 359</b>	<b>IMSA Income Fund - 768</b>	<b>IMSA Operating Fund - 1223</b>
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 583,970	\$ 2,911,019	\$ -
Cash and cash equivalents	-	-	3,185,810
Other receivables, net	-	8,822	3,020
Due from other State funds	44,528	-	-
Due from other Academy funds	-	31,388	1,664
Total assets	<u>\$ 628,498</u>	<u>\$ 2,951,229</u>	<u>\$ 3,190,494</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 435,799	\$ 216,973	\$ 227,317
Due to other governments - federal	458	1,701	-
Due to other governments - local	-	-	10,129
Due to other Academy funds	31,388	67	-
Due to other State funds	2,074	273	9,111
Unearned revenue	158,779	226,135	478,403
Total liabilities	<u>628,498</u>	<u>445,149</u>	<u>724,960</u>
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted	-	-	822
Committed	-	2,506,080	2,464,712
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>2,506,080</u>	<u>2,465,534</u>
<b>Total liabilities and fund balances</b>	<u>\$ 628,498</u>	<u>\$ 2,951,229</u>	<u>\$ 3,190,494</u>

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

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<b>IMSA Special Purposes Trust Fund - 359</b>	<b>IMSA Income Fund - 768</b>	<b>IMSA Operating Fund - 1223</b>
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 872,537	\$ 2,232,308	\$ -
Cash and cash equivalents	-	-	4,367,836
Other receivables, net	-	9,923	4,732
Due from other State funds	39,301	-	-
Due from other Academy funds	-	-	8,890
Total assets	<u>\$ 911,838</u>	<u>\$ 2,242,231</u>	<u>\$ 4,381,458</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 284,592	\$ 150,450	\$ 1,210,714
Due to other governments - federal	1,826	1,604	-
Due to other governments - local	-	-	605
Due to other Academy funds	1,175	1,364	-
Due to other State funds	29,753	616	7,480
Unearned revenue	594,492	84,187	626,485
Total liabilities	<u>911,838</u>	<u>238,221</u>	<u>1,845,284</u>
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted	-	-	32,138
Committed	-	2,004,010	2,504,036
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>2,004,010</u>	<u>2,536,174</u>
<b>Total liabilities and fund balances</b>	<u>\$ 911,838</u>	<u>\$ 2,242,231</u>	<u>\$ 4,381,458</u>

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

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>IMSA Special Purposes Trust Fund - 359</b>	<b>IMSA Income Fund - 768</b>	<b>IMSA Operating Fund - 1223</b>
<b>REVENUES</b>			
Federal government	\$ 194,337	\$ -	\$ -
Other operating grants	1,391,732	-	-
Fees	-	2,009,874	1,145,538
Other	-	136,329	14,840
Interest and Investment Income	-	-	75,477
Total Revenues	<u>1,586,069</u>	<u>2,146,203</u>	<u>1,235,855</u>
<b>EXPENDITURES</b>			
Education	1,110,094	1,637,525	1,026,017
Debt Service - Principal	-	-	82,000
Debt Service - Interest	-	-	166,000
Capital outlays	475,975	6,608	32,478
Total expenditures/expenses	<u>1,586,069</u>	<u>1,644,133</u>	<u>1,306,495</u>
Net change in fund balance	<u>-</u>	<u>502,070</u>	<u>(70,640)</u>
Fund Balance - July 1, 2018	-	2,004,010	2,536,174
Fund Balance - June 30, 2019	<u>\$ -</u>	<u>\$ 2,506,080</u>	<u>\$ 2,465,534</u>

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

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>IMSA Special Purposes Trust Fund - 359</b>	<b>IMSA Income Fund - 768</b>	<b>IMSA Operating Fund - 1223</b>
<b>REVENUES</b>			
Federal government	\$ 110,730	\$ 20,971	\$ -
Other operating grants	1,898,085	-	-
Fees	-	2,331,921	1,040,318
Other	-	102,388	13,251
Capital Lease and Installment Purchase Acquisitions	-	-	2,389,375
Other Financing Sources	-	-	65,000
Interest and Investment Income	-	-	49,626
Total Revenues	<u>2,008,815</u>	<u>2,455,280</u>	<u>3,557,570</u>
<b>EXPENDITURES</b>			
Education	830,866	1,675,572	1,016,063
Capital outlays	1,177,949	-	2,509,838
Total expenditures/expenses	<u>2,008,815</u>	<u>1,675,572</u>	<u>3,525,901</u>
Net change in fund balance	<u>-</u>	<u>779,708</u>	<u>31,669</u>
Fund Balance - July 1, 2017	<u>-</u>	<u>1,224,302</u>	<u>2,504,505</u>
Fund Balance - June 30, 2018	<u>\$ -</u>	<u>\$ 2,004,010</u>	<u>\$ 2,536,174</u>

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

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
INDIVIDUAL GOVERNMENTAL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**(1) Organization**

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Fund and the IMSA Income Fund by the General Assembly and a budget approved by the Academy's Board of Trustees (Board of Trustees) for locally generated resources within the IMSA Operating Fund and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund. In addition, the Academy acts as a fiduciary for the IMSA Student Activity Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Trustees that consists of:

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the science community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the public at large, appointed by the Governor.

In addition, the Board of Trustees has four ex officio nonvoting members: the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located (West Aurora School District 129).

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The Board of Trustees is also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**INDIVIDUAL GOVERNMENTAL FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies**

The financial statements of the General Fund, the IMSA Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund (collectively, “individual nonshared funds”) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the General Fund’s financial statements, significant accounting policies are summarized below.

**(a) Financial Reporting Entity**

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the General Fund activity attributable to the transactions of the Academy and the individual nonshared governmental funds of the Academy and do not purport to, and do not, present fairly the financial position of the Academy on a government-wide basis or the State as of June 30, 2019 and 2018, nor changes in the Academy’s or State’s financial position for the years ended in conformity with GAAP.

The General Fund and the individual nonshared governmental funds are not legally separate from the State; therefore, the financial information of the General Fund and the individual nonshared governmental funds are included in the financial statements of the State. The State’s Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller’s Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at [www.illinoiscomptroller.gov](http://www.illinoiscomptroller.gov).

**(b) Basis of Presentation**

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the General Fund activity attributable to the transactions of the Academy. In addition, a balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for each of the individual nonshared governmental funds administered by the Academy.

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**INDIVIDUAL GOVERNMENTAL FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

Governmental Fund Type:

General Fund:

This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Revenue Fund and the Education Assistance Fund have been collapsed into the General Fund for financial reporting purposes. The services administered by the Academy and accounted for within the General Fund include activities of the Academy's educational residential program for Illinois high school students gifted in science, technology, engineering and mathematics (STEM) and extension program which stimulate STEM excellence in all Illinois schools. This fund is a shared fund (see Note 2d) that is appropriated and held in the State Treasury.

Special Revenue:

These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

*IMSA Special Purposes Trust Fund*

This is a restricted purpose fund. Revenues are obtained from private and governmental grants and are restricted for application according to terms and conditions set by the grantors. The services administered by the Academy and accounted for in this fund include activities of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This is a non-appropriated fund held in the State Treasury.

*IMSA Income Fund*

This fund is subject to expenditure limitations established by the General Assembly. Resources for the fund are generated by charges paid by recipients of the services offered as part of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. The services administered by the Academy and accounted for in this fund include all activities of the Academy's educational enhancement program. This fund is appropriated and held in the State Treasury.

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
INDIVIDUAL GOVERNMENTAL FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

*IMSA Operating Fund*

This fund is authorized by the General Assembly to function as the Academy's local treasury. Resources are generated by charges paid by recipients of the services offered as part of the Academy's educational enhancement program and limited short-term investment income of working capital balances. The services administered by the Academy and accounted for in this fund include all activities, except the financing of personal service (employment) activities, of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This fund is non-appropriated and locally held by the Academy.

**(c) Measurement Focus and Basis of Accounting**

The General Fund and the individual nonshared governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment purchases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include:

*IMSA Special Purposes Trust Fund* - Reimbursable State or Federal grants

*IMSA Income Fund* – Student fees for attending the Academy's residential program and participant fees for participating in the Academy's educator programs

*IMSA Operating Fund* – Student fees for attending the Academy's residential program

All other revenue sources including library fines and other miscellaneous revenues are considered measurable and available only when cash is received.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(d) Shared Fund Presentations**

As explained in Note 2a, this financial statement presentation for the General Fund represents only the portion of the General Fund's activity that can be directly attributed to the operations of the Academy. Financial statements for totality of the General Fund's operations are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Academy's portion of shared General Fund:

***Unexpended Appropriation***

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

***Appropriations from State Resources***

This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

***Reappropriations from State Resources***

This contra revenue account reduces current year appropriations by the amount of the reappropriation to reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

***Lapsed Appropriations***

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records. For the years ending June 30, 2019 and June 30, 2018, lapsed appropriations included the legally adopted appropriations less net warrants issued for the 16 month period from July to October of the following year.

***Receipts Collected and Remitted to State Treasury***

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records that were remitted to the State Treasury.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(e) Cash and Cash Equivalents**

Cash equity with the State Treasurer consists of deposits held in the State Treasury for the IMSA Special Purposes Trust Fund and the IMSA Income Fund. It also includes cash received and deposited in the Academy's clearing account and in process to the State Treasurer. Cash and cash equivalents include cash held locally in banks for the IMSA Operating Fund and the IMSA Student Activities Fund, a fiduciary (agency) fund.

**(f) Interfund Transactions**

The following types of interfund transactions between funds of the Academy and funds of other State agencies may occur:

*Services provided and used* are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

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

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

The Academy also has activity with various component units of the State of Illinois for professional services received.

**(g) Fund Balances**

Fund balances are classified in the following categories:

*Nonspendable* This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of June 30, 2019 and 2018.

*Restricted* This consists of amounts that are restricted to specific purposes, which is when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The IMSA Operating Fund had a restricted fund balance as of June 30, 2019 and 2018.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(g) Fund Balances (Continued)**

*Committed* This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Academy's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Academy removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Academy's highest level of decision-making authority rests with the Illinois State General Assembly and the Governor. The State passes "Public Acts" to commit its fund balances. The IMSA Income Fund and IMSA Operating Fund each had committed fund balances as of June 30, 2019 and 2018.

*Assigned* This consists of net amounts that are constrained by the Academy's intent to be used for specific purposes, but that are neither restricted nor committed. Fund balance assignments can only be removed or changed by action of the General Assembly. There were no assigned fund balances as of June 30, 2019 and 2018.

*Unassigned* This consists of residual fund balance (deficit) that has not been designated for specific purposes within the funds. There were no unassigned fund balances as of June 30, 2019 and 2018.

The Academy has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources from the IMSA Special Purpose Trust Fund first, then assigned. Committed resources from the IMSA Income Fund and IMSA Operating Fund are only used after the other resources have been used.

**(h) Use of Estimates**

The preparation of financial statements in conformity with GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

**(i) Newly Adopted GASB Statements**

The Academy adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(i) Newly Adopted GASB Statements (Continued)**

The Academy adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

**(j) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2020, the Academy will adopt GASB Statement No. 84, *Fiduciary Activities*, which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2020, the Academy will adopt GASB Statement No. 90, *Majority Equity Interests*, which is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

**(3) Deposits**

The State Treasurer is the custodian of deposits and investments for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer at June 30, 2019 and 2018, including cash on hand and cash in transit, totaled \$579,775 and \$868,256, respectively for the IMSA Special Purposes Trust Fund and \$2,902,169 and \$2,231,704, respectively, for the IMSA Income Fund. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Funds do not own individual securities. Details on the nature of these deposits are available within the State's Comprehensive Annual Financial Report.

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**(3) Deposits (Continued)**

The Academy independently manages cash and cash equivalents maintained outside the State Treasury. Deposits for the IMSA Operating Fund had a carrying amount of \$3,185,810 and \$4,367,836, respectively, and a bank balance of \$3,173,395 and \$4,424,407, respectively, at June 30, 2019 and 2018. In addition, the Academy included locally-held fiduciary agency fund, the IMSA Student Activities Fund, with a carrying amount of \$158,128 and \$180,399, respectively, and a bank balance of \$173,895 and \$181,385, respectively, at June 30, 2019 and 2018. Of the total balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) as of June 30, 2019 and 2018. The remaining \$3,097,290 and \$4,355,792 for 2019 and 2018, respectively, was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

The Academy does not hold any cash or cash equivalents primarily for the purpose of income or profit and has no other investments.

**(4) Other Receivables**

The balance of Other Receivables for the IMSA Income Fund includes amounts owed to the Academy for statewide educator program participant fees, royalties, and building rental totaling \$8,822 and \$9,923 as of June 30, 2019 and 2018, respectively.

The balance of Other Receivables for the IMSA Operating Fund includes amounts owed to the Academy for student fees, totaling \$3,020 and \$4,732 as of June 30, 2019 and 2018, respectively.

The Academy considers the entirety of these balances to be collectible.

**(5) Unearned Revenue**

The balance of Unearned Revenue for the IMSA Income Fund includes amounts consisting of statewide educator and student registration fees received in advance of program delivery, totaling \$226,135 and \$84,187 as of June 30, 2019 and 2018, respectively. The balance of Unearned Revenue for the IMSA Special Purposes Trust Fund includes amounts consisting of grant funds received for support of future fiscal year program needs, totaling \$158,779 and \$594,492 as of June 30, 2019 and 2018, respectively. The balance of Unearned Revenue for the IMSA Operating Fund includes amounts consisting of residential program student fees collected for the upcoming 2019-20 school year, totaling \$478,403 and \$626,485 for the school year 2018-19.

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**(6) Interfund Balances and Activity**

***Balances Due from/to Other Funds***

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2019:

The following balances represent amounts due from other funds.

Due To	Due From					Description/Purpose
	General Fund	IMSA Operating Fund	IMSA Income Fund	IMSA Special Purposes Trust Fund	Other State Funds	
IMSA Operating Fund	\$ 1,597	\$ -	\$ 67	\$ -	\$ -	Reimbursement of costs
IMSA Income Fund	-	-	-	31,388	-	Reimbursement of costs and payment of services
IMSA Special Purposes Trust Fund	-	-	-	-	44,528	Reimbursement of costs
Other State Funds	-	9,111	273	2,074	-	Payment for goods and services
Component Unit	1,499	-	-	-	-	Payment for goods and services
Total:	<u>\$ 3,096</u>	<u>\$ 9,111</u>	<u>\$ 340</u>	<u>\$ 33,462</u>	<u>\$ 44,528</u>	

The following balances represent amounts due to other funds.

Due From	Due To					Description/Purpose
	IMSA Operating Fund	IMSA Income Fund	IMSA Special Purposes Trust Fund	Other State Funds	Component Units	
General Fund	\$ 1,597	\$ -	\$ -	\$ -	\$ 1,499	Reimbursement of costs and payment of services
IMSA Income Fund	67	-	-	273	-	Reimbursement of costs and payment of services
IMSA Operating Fund	-	-	-	9,111	-	Payment for services
IMSA Special Purposes Trust Fund	-	31,388	-	2,074	-	Reimbursement of costs and payment of services
Other State Funds	-	-	44,528	-	-	Reimbursement of costs and payment of services
Total:	<u>\$ 1,664</u>	<u>\$ 31,388</u>	<u>\$ 44,528</u>	<u>\$ 11,458</u>	<u>\$ 1,499</u>	

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**(6) Interfund Balances and Activity (Continued)**

***Balances Due from/to Other Funds (Continued)***

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2018:

The following balances represent amounts due from other funds.

Due To	Due From					Description/Purpose
	General Fund	IMSA Operating Fund	IMSA Income Fund	IMSA Special Purposes Trust Fund	Other State Funds	
IMSA Operating Fund	\$ 6,350	\$ -	\$ 1,364	\$ 1,175	\$ -	Reimbursement of costs
IMSA Special Purposes Trust Fund	-	-	-	-	39,301	Reimbursement of costs
Other State Funds	1,568	7,480	616	29,753	-	Payment for goods and services
Total:	<u>\$ 7,918</u>	<u>\$ 7,480</u>	<u>\$ 1,980</u>	<u>\$ 30,928</u>	<u>\$ 39,301</u>	

The following balances represent amounts due to other funds.

Due From	Due To			Description/Purpose
	IMSA Operating Fund	IMSA Special Purposes Trust Fund	Other State Funds	
General Fund	\$ 6,350	\$ -	\$ 1,568	Reimbursement of costs and payment of services
IMSA Income Fund	1,364	-	616	Reimbursement of costs and payment of services
IMSA Operating Fund	-	-	7,480	Payment for goods
IMSA Special Purposes Trust Fund	1,175	-	29,753	Reimbursement of costs and payment of services
Other State Funds	-	39,301	-	Reimbursement of costs and payment of services
Total:	<u>\$ 8,889</u>	<u>\$ 39,301</u>	<u>\$ 39,417</u>	

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**(7) Defined Benefit Pension Plan**

***Plan Description***

The Academy contributes to the State Universities' Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund.

SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

***Benefits Provided***

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who began participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2018 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

***Contributions***

The State of Illinois is primarily responsible for funding the System on behalf of individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2019 and 2018 respectively, was 12.29% and 12.46% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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**(7) Defined Benefit Pension Plan (Continued)**

*Contributions (Continued)*

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

**(8) Post-employment Benefits**

The State provides health, dental, vision, and life insurance benefits for certain retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants under the State’s self-insurance plan and insurance contracts currently in force. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State’s portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the State’s Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefits provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services can be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, IL, 62706-4100.

**(9) Commitments under Leases**

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting. Expenditures and liabilities for installment purchase and capital lease obligations are not recognized until they are due.

In Fiscal Year 2018, the Academy entered into a fifteen year lease purchase agreement to replace the Facility Central Plant in the main academic building. The interest component of the lease payments are due and payable on May 1 and November 1 of each year at a rate of 6% and principal payments are due May 1 of each year, commencing May 1, 2019 and terminating May 1, 2033.

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**(9) Commitments under Leases (Continued)**

At June 30, 2019, the future minimum lease payments are as follows:

Fiscal Year	Amount
2020 \$	261,700
2021	264,800
2022	262,300
2023	264,500
2024	261,100
Thereafter	<u>2,369,300</u>
Future Minimum Payments	<u>\$ 3,683,700</u>

In Fiscal Year 2018, the Academy also entered into a five year capital lease for four 14-passenger activity buses with a maturity date of February 2023.

At June 30, 2019, the future minimum lease payments are as follows:

Fiscal Year	Amount
2020 \$	47,773
2021	47,773
2022	47,773
2023	<u>31,849</u>
Future Minimum Payments	<u>\$ 175,168</u>

In addition, in Fiscal Year 2018, the Academy entered into a four year operating lease for passenger vans expiring March 2022. Rental expense for the years ended June 30, 2019 and 2018 was \$35,505 and \$8,876, respectively.

At June 30, 2019, the future minimum rental commitments are as follows:

Fiscal Year	Amount
2020 \$	35,505
2021	35,505
2022	<u>26,629</u>
Future Minimum Payments	<u>\$ 97,639</u>

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**(10) Risk Management**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self-insured) for these risks except for insurance purchased by the Academy for employee theft/fraud, and payment of a portion of unemployment compensation claims.

The Academy's risk management activities for torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters are financed through appropriations to the Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Academy; and accordingly, have not been reported in the Academy's General Fund financial statements for the year ended June 30, 2019 and 2018.

The risk management activities for employee theft/fraud are financed through appropriations to the Academy and are reported in the Academy's General Fund. Workers compensation is financed by automatic withdrawals from the IMSA Income Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no such liabilities at the beginning and ending of the fiscal years.

**(11) Commitments and Contingencies**

**(a) Federal Funding**

The Academy receives federal and private grants that are subject to review and audit by federal grantor agencies and private grantors. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. There were no unresolved questioned costs, at June 30, 2019 and 2018. However, questioned costs could still be identified during audits and reviews to be conducted in the future. Management of the Academy believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayment.

**(b) Litigation**

On occasion the Academy is involved in legal proceedings and/or claims that cover a wide range of matters. In the opinion of management, there are no outstanding issues for which the outcomes of these matters are expected to result in a material adverse effect on the financial position or results of operations of the Academy.

**(12) Related Party Transactions**

The IMSA Fund for Advancement of Education (the IMSA Fund) was established and is maintained as a separate corporate entity for the purpose of benefiting, performing the functions of and carrying out certain charitable, educational, literary and scientific purposes of the Academy. A Board of Trustees separate from that of the Academy governs the IMSA Fund. Effective July 1, 1995, the Academy entered into an agreement with the IMSA Fund that specifies the relationship between the two organizations. This agreement states that the IMSA Fund is a separate corporate entity established for the purpose stated above and is to assist the Academy in achieving and furthering its

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**(12) Related Party Transactions (Continued)**

educational, research and service goals. The IMSA Fund has agreed to provide financial support to the Academy (both directly and indirectly). In exchange, the Academy has agreed to provide office space, equipment, and personnel to enable the IMSA Fund to accomplish its purpose.

Both organizations acknowledge that State resources should not be used to provide for fundraising activities that do not result in a value to the Academy that is the same or greater than the value of what the Academy receives directly or indirectly from the IMSA Fund. As long as the Academy receives direct or indirect program support from the IMSA Fund that is greater than the fundraising costs the Academy incurs on behalf of the IMSA Fund, no reimbursement shall occur. If in any fiscal year those fundraising costs are greater than the program support provided to the Academy, the IMSA Fund will reimburse the Academy for the excess of fundraising costs over program support provided. For the year ended June 30, 2019 and 2018, total program support provided to the Academy by the IMSA Fund was \$1,813,245 and \$2,091,160, respectively, which exceeds the total fundraising costs incurred by the Academy for the IMSA Fund of approximately \$277,499 and \$374,406, respectively. Accordingly, no reimbursement from the IMSA Fund to the Academy was required for Fiscal Year 2019 and 2018.

During Fiscal Year 2019, the Academy established a new not-for-profit corporation named IMSA Global Enterprise. The current board members include current Academy board members and employees. The purpose of the entity is to facilitate issuing 3 year visas to international students, qualified to be admitted to the Academy's residential program. There have been no additional activities for the year ended June 30, 2019.

**(13) Subsequent Events**

The Academy is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

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COMBINING SCHEDULE OF ACCOUNTS - GENERAL FUND  
AS OF JUNE 30, 2019**

	<b>Education Assistance Fund (007)</b>	<b>General Revenue Fund (001)</b>	<b>Total General Fund</b>
<b>ASSETS</b>			
Unexpended appropriations	\$ 1,489,042	\$ -	\$ 1,489,042
Total Assets	<u>\$ 1,489,042</u>	<u>\$ -</u>	<u>\$ 1,489,042</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 1,469,465	\$ -	\$ 1,469,465
Due to other governments - federal	11,937	-	11,937
Due to other governments - local	4,544	-	4,544
Due to other Academy funds	1,597	-	1,597
Due to other State funds	-	-	-
Due to Component Units	1,499	-	1,499
Total Liabilities	<u>1,489,042</u>	<u>-</u>	<u>1,489,042</u>
<b>FUND BALANCE</b>			
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,489,042</u>	<u>\$ -</u>	<u>\$ 1,489,042</u>

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COMBINING SCHEDULE OF ACCOUNTS - GENERAL FUND  
AS OF JUNE 30, 2018**

	<b>Education Assistance Fund (007)</b>	<b>General Revenue Fund (001)</b>	<b>Total General Fund</b>
<b>ASSETS</b>			
Unexpended appropriations	\$ 1,753,585	\$ -	\$ 1,753,585
Total Assets	<u>\$ 1,753,585</u>	<u>\$ -</u>	<u>\$ 1,753,585</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 1,695,541	\$ -	\$ 1,695,541
Due to other governments - federal	10,681	-	10,681
Due to other governments - local	39,445	-	39,445
Due to other Academy funds	6,350	-	6,350
Due to other State funds	1,568	-	1,568
Total Liabilities	<u>1,753,585</u>	<u>-</u>	<u>1,753,585</u>
<b>FUND BALANCE</b>			
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,753,585</u>	<u>\$ -</u>	<u>\$ 1,753,585</u>

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**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Education Assistance Fund (007)</b>	<b>General Revenue Fund (001)</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Other Operating Grant Revenue	\$ 125	\$ -	\$ 125
Other General Revenue	264	-	264
Total Revenues and Other Sources	<u>389</u>	<u>-</u>	<u>389</u>
<b>EXPENDITURES</b>			
Education	18,117,819	-	18,117,819
Debt Service			
Principal	41,000	-	41,000
Interest and other charges	7,000	-	7,000
Capital Outlays	209,711	-	209,711
Total Expenditures	<u>18,375,530</u>	<u>-</u>	<u>18,375,530</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	18,391,900	-	18,391,900
Lapsed Appropriations	(16,370)	-	(16,370)
Receipts collected and transmitted to State Treasury	(389)	-	(389)
Net Other Sources (Uses) of Financial Resources	<u>18,375,141</u>	<u>-</u>	<u>18,375,141</u>
Changes in fund balance	-	-	-
Fund Balance - beginning of the year	-	-	-
Fund Balance - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Education Assistance Fund (007)</b>	<b>General Revenue Fund (001)</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Other Operating Grant Revenue	\$ 1,151	\$ -	\$ 1,151
Other General Revenue	3,350	-	3,350
Total Revenues and Other Sources	<u>4,501</u>	<u>-</u>	<u>4,501</u>
<b>EXPENDITURES</b>			
Education	17,766,950	-	17,766,950
Debt Service			
Principal	14,000	-	14,000
Interest and other charges	2,000	-	2,000
Capital Outlays	223,754	-	223,754
Total Expenditures	<u>18,006,704</u>	<u>-</u>	<u>18,006,704</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	18,030,700	-	18,030,700
Lapsed Appropriations	(23,996)	-	(23,996)
Receipts collected and transmitted to State Treasury	(4,501)	-	(4,501)
Net Other Sources (Uses) of Financial Resources	<u>18,002,203</u>	<u>-</u>	<u>18,002,203</u>
Changes in fund balance	-	-	-
Fund Balance - beginning of the year	-	-	-
Fund Balance - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
(312) 786-0330

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Illinois Mathematics and Science Academy's basic financial statements, and have issued our report thereon dated December 5, 2019.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Illinois Mathematics and Science Academy's financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of the Illinois Mathematics and Science Academy is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Illinois Mathematics and Science Academy's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois Mathematics and Science Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the paragraphs above of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Purpose of this Report**

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

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

**Chicago, Illinois  
December 5, 2019**

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the Illinois Mathematics and Science Academy (Academy) was performed by Washington, Pittman & McKeever, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Academy’s basic financial statements of the IMSA Student Activities Fund.

**EXIT CONFERENCE**

The Academy waived an exit conference in a communication from Kimberly Corrao, Executive Director of Business and Financial Operations, dated November 21, 2019.



CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS  
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611  
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### INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

#### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy, as of June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 financial position of the IMSA Student Activities Fund of Illinois Mathematics and Science Academy, as of June 30, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only IMSA Student Activities Fund and do not purport to, and do not, present fairly the financial position of either the State of Illinois or Illinois Mathematics and Science Academy as of June 30, 2019 and 2018, and the respective changes in its financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois Mathematics and Science Academy IMSA Student Activities Fund's basic financial statements.

The accompanying supplementary information within the Statements of Changes in Assets and Liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 December 5, 2019, on our consideration of the Illinois Mathematics and Science Academy’s internal control over financial reporting of the IMSA Student Activities Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Illinois Mathematics and Science Academy’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 Illinois Mathematics and Science Academy’s internal control over financial reporting and compliance.

**Restricted Use of this Auditor’s Report**

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the Illinois Mathematics and Science Academy’s Board of Trustees, and the Illinois Mathematics and Science Academy’s management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois  
December 5, 2019

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
STATEMENTS OF FIDUCIARY NET POSITION - AGENCY FUND  
AS OF JUNE 30,**

<b>AGENCY FUND - IMSA STUDENT ACTIVITIES FUND</b>		
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 158,128	\$ 180,399
<b>Total assets</b>	\$ 158,128	\$ 180,399
<b>LIABILITIES</b>		
Other liabilities	\$ 158,128	\$ 180,399
<b>Total liabilities</b>	\$ 158,128	\$ 180,399

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

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**IMSA STUDENT ACTIVITIES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(1) Organization**

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Fund and the IMSA Income Fund by the General Assembly and a budget approved by the Academy's Board of Trustees (Board of Trustees) for locally generated resources within the IMSA Operating Fund and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund. In addition, the Academy acts as a fiduciary for the IMSA Student Activity Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes, curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Trustees that consists of:

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the science community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the public at large, appointed by the Governor.

In addition, the Board of Trustees has four ex officio nonvoting members: the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located (West Aurora School District 129).

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The Board of Trustees is also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

**STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
IMSA STUDENT ACTIVITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies**

The financial statements of the IMSA Student Activities Fund have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the General Fund's financial statements, significant accounting policies are summarized below.

**(a) Financial Reporting Entity**

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the activity attributable to the fiduciary (agency) fund transactions of the Academy within the IMSA Student Activities Fund and does not purport to, and does not, present fairly the financial position of the Academy or the State as of June 30, 2019 and 2018, nor changes in the Academy's or State's financial position for the years ended in conformity with GAAP.

The IMSA Student Activities Fund is not legally separate from the State; therefore, the financial information of the IMSA Student Activities Fund is included in the financial statements of the State. The State's Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at [www.illinoiscomptroller.gov](http://www.illinoiscomptroller.gov).

**(b) Basis of Presentation**

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Statement of Fiduciary Net Positions have been presented for the IMSA Student Activities Fund, which is used to account for assets held by the Academy in a fiduciary capacity. This non-appropriated fund is not held within the State Treasury.

**Fiduciary Fund Type:**

**Agency:**

Agency funds are used to account for assets held by the Academy in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Academy collects receipts from student activities and remits these amounts to the proper agencies or individuals.

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**IMSA STUDENT ACTIVITIES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies (Continued)**

**(c) Measurement Focus and Basis of Accounting**

The accounts of the IMSA Student Activities Fund are maintained and reported using the accrual basis of accounting. As an agency fund, the IMSA Student Activities Fund does not have a measurement focus.

Liabilities are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash held locally in banks for the IMSA Student Activities Fund and the IMSA Operating Fund.

**(e) Interfund Transactions**

The following types of interfund transactions between funds of the Academy and funds of other State agencies may occur:

*Services provided and used* are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

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

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

**(f) Use of Estimates**

The preparation of financial statements in conformity with GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**IMSA STUDENT ACTIVITIES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(2) Summary of Significant Accounting Policies (Continued)**

**(g) Newly Adopted GASB Statements**

The Academy adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement have no material impact on the Student Activities funds' financial statements as a result of adopting this statement.

The Academy adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The provisions of this statement have no material impact on the Student Activities funds' financial statements as a result of adopting this statement.

**(h) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2020, the Academy will adopt GASB Statement No. 84, *Fiduciary Activities*, which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Academy has not yet determined the impact on the Student Activities funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2020, the Academy will adopt GASB Statement No. 90, *Majority Equity Interests*, which is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Academy has not yet determined the impact on the Student Activities funds' financial statements as a result of adopting this statement.

**(3) Deposits**

The Academy independently manages cash and cash equivalents maintained outside the State Treasury. Deposits for the IMSA Student Activities Fund had a carrying amount of \$158,128 and

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**IMSA STUDENT ACTIVITIES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**(3) Deposits (Continued)**

180,399, respectively, and a bank balance of \$173,895 and \$181,385, respectively, at June 30, 2019 and 2018. In addition, the Academy included a locally-held individual nonshared governmental fund, the IMSA Operating Fund, with a carrying amount of \$3,185,810 and \$4,367,836, respectively, and a bank balance of \$3,173,395 and \$4,424,407, respectively, at June 30, 2019 and 2018.

Of the total balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) as of June 30, 2019 and 2018. The remaining \$3,097,290 and \$4,355,792 for 2019 and 2018, respectively, were collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

**(4) Commitments and Contingencies**

The IMSA Student Activities Fund does not have any commitments or contingencies.

**(5) Subsequent Events**

The Academy is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the IMSA Student Activities Fund during this and future fiscal years.

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<u>IMSA Student Activity Fund</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Acronym Newspaper	\$ 1,991	\$ 1,200	\$ 2,829	\$ 362
Alumni Account	4,649	-	-	4,649
American Red Cross Intersession	14	(14)	-	-
Advanced Placement Exams	-	58,180	58,180	-
Asia	-	1,993	933	1,060
Athletics	2,407	694	3,073	28
Basketball	1,490	9,750	7,000	4,240
Bass Fishing	899	-	-	899
Boston Math Contest	1	2,399	1,945	455
Chicago Theater Intersession	993	(993)	-	-
China Intersession	13,660	-	13,660	-
Class of 2018	9,387	631	2,570	7,448
Class of 2019	16,579	88,257	94,649	10,187
Class of 2020	4,448	24,124	10,107	18,465
Class of 2021	-	6,138	2,623	3,515
CPR/AED/FA Intersession	-	225	-	225
CPR Class	-	840	750	90
Dance Squad	2,536	3,082	4,029	1,589
Divali	633	2,683	2,436	880
Drama Club	3,313	1,412	1,072	3,653
English Department Theater	145	-	-	145
Ecuador Intersession/Sch Sponsored Travel Event	513	-	-	513
Fiscal Office	53	4,364	4,624	(207)
Future Business Leaders of America	3,955	23,208	24,725	2,438
Germany	-	44,800	44,800	-
Graduation	7,445	5,000	5,096	7,349
Habitat for Humanity	1,125	7,800	8,315	610
Human Resources	4,681	550	1,609	3,622
Italy Intersession	-	31,313	31,313	-
Intersession 2013 - General	1,800	1,261	2,155	906
Information Resource Center Copier	7	(7)	-	-
Japan Intersession	-	46,333	46,333	-
Junior State of America	625	-	92	533
Key Club	4,362	216	228	4,350
Leadership & Service	1,935	15,529	14,956	2,508
Madrigal Desserts	800	-	-	800
Model UN of University	474	8,224	8,665	33
Mu Alpha Theta	11,176	2,927	2,743	11,360
Multicultural Games & Food	1,388	-	-	1,388
Music	1,155	572	625	1,102
Paris Intersession	-	32,385	32,385	-
Principal's Office Student Travel	3,000	(1,586)	80	1,334
Preliminary Scholastic Assessment Test	2,104	8,969	3,776	7,297
Robotics	32,028	21,841	30,759	23,110
Russia Intersession	595	20,086	19,125	1,556
Scholastic Bowl	3,730	6,025	7,534	2,221
Science Investigations	23	-	-	23
Student Inquiry Research Travel	4,261	-	-	4,261
Spain Intersession	1,537	23,263	22,573	2,227
Student Council	5,913	17,690	20,437	3,166
Student Support	3,643	18,616	21,239	1,020
Swim and Dive	157	5,674	5,573	258
Tournaments	15,311	19,852	24,557	10,606
Verno	481	-	-	481
Washington D.C. Intersession	-	7,893	7,893	-
Yearbook	2,977	2,611	215	5,373
Total	<u>\$ 180,399</u>	<u>\$ 576,010</u>	<u>\$ 598,281</u>	<u>\$ 158,128</u>

**STATE OF ILLINOIS**  
**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>MSA Student Activity Fund</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Acronym Newspaper	\$ 1,943	\$ 48	\$ -	\$ 1,991
Alumni Account	4,649	-	-	4,649
American Red Cross Intersession	14	-	-	14
Advanced Placement Exams	-	65,466	65,466	-
Athletics	2,414	280	287	2,407
Austria Intersession	-	38,185	38,185	-
Basketball	2,325	5,444	6,279	1,490
Bass Fishing	801	1,126	1,028	899
Boston Math Contest	124	2,440	2,563	1
Charities	-	1,450	1,450	-
Chicago Theater Intersession	941	3,352	3,300	993
China Intersession	3,335	48,730	38,405	13,660
Class of 2015	2,301	-	2,301	-
Class of 2016	8,374	-	8,374	-
Class of 2017	1,336	1,036	2,372	-
Class of 2018	13,445	83,389	87,447	9,387
Class of 2019	4,043	25,579	13,043	16,579
Class of 2020	-	7,422	2,974	4,448
CPR/AED/FA Intersession	3	-	3	-
Dance Squad	2,788	4,730	4,982	2,536
Diwali	772	2,628	2,767	633
Drama Club	2,530	1,842	1,059	3,313
English Department Theater	-	638	493	145
Ecuador Intersession/Sch Sponsored Travel Event	513	-	-	513
Fiscal Office	1,272	1,317	2,536	53
Future Business Leaders of America	-	9,110	5,155	3,955
Graduation	7,445	-	-	7,445
Habitat for Humanity	907	7,748	7,530	1,125
Hawaii Intersession	-	21,450	21,450	-
Human Resources	4,819	650	788	4,681
Intersession 2013 - General	81	2,679	960	1,800
Information Resource Center Copier	7	-	-	7
Junior State of America	661	-	36	625
Key Club	4,362	-	-	4,362
Key Largo Intersession	-	10,050	10,050	-
Leadership & Service	942	2,000	1,007	1,935
Madrigal Desserts	603	1,645	1,448	800
Mexico Intersession	-	6,500	6,500	-
Model UN of University	260	4,494	4,280	474
Microsoft Excel Intersession	-	374	374	-
Mu Alpha Theta	11,349	2,754	2,927	11,176
Multicultural Games & Food	1,388	-	-	1,388
Music	1,155	-	-	1,155
Poland Intersession	-	14,400	14,400	-
Principal's Office Student Travel	-	3,000	-	3,000
Preliminary Scholastic Assessment Test	2,601	6,942	7,439	2,104
Robotics	29,014	27,730	24,716	32,028
Russia Intersession	602	825	832	595
Scholastic Bowl	6,998	3,915	7,183	3,730
Science Investigations	23	-	-	23
Student Inquiry Research Travel	4,261	1,719	1,719	4,261
Spain Intersession	2,162	14,515	15,140	1,537
Student Council	7,787	16,054	17,928	5,913
Student Support	2,229	19,727	18,313	3,643
Swim and Dive	433	5,619	5,895	157
Tournaments	10,326	16,652	11,667	15,311
Verno	481	-	-	481
Yearbook	1,381	1,661	65	2,977
Total	<u>\$ 156,200</u>	<u>\$ 497,315</u>	<u>\$ 473,116</u>	<u>\$ 180,399</u>



**WASHINGTON,  
PITTMAN &  
MCKEEVER, LLC**

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Illinois Mathematics and Science Academy's basic financial statements, and have issued our report thereon dated December 5, 2019.

**Compliance and Other Matters**

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

**Internal Control Over Financial Reporting**

Management of the Illinois Mathematics and Science Academy is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Illinois Mathematics and Science Academy's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements of the IMSA Student

Activities Fund, but not for the purpose of expressing an opinion on the effectiveness of Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Illinois Mathematics and Science Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the paragraphs above of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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

SIGNED ORIGINAL ON FILE

WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois  
December 5, 2019