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***NIPPERSINK SCHOOL DISTRICT NO. 2  
McHENRY COUNTY, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2021***

**eder, casella & co**



NIPPERSINK SCHOOL DISTRICT NO. 2  
TABLE OF CONTENTS  
JUNE 30, 2021

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4
BASIC FINANCIAL STATEMENTS	
Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions – Regulatory Basis – All Funds and Account Groups	6
Statement of Revenue Received, Expenditures Disbursed, Other Financing Sources (Uses), and Changes in Fund Balances – All Funds	8
Statement of Revenue Received – All Funds	10
Statement of Expenditures Disbursed – Budget to Actual	
Educational Fund	12
Operations and Maintenance Fund	16
Debt Service Fund	17
Transportation Fund	18
Illinois Municipal Retirement/Social Security Fund	19
Capital Projects Fund	21
Tort Fund	22
Fire Prevention and Safety Fund	23
Notes to Financial Statements	24
SUPPLEMENTAL FINANCIAL INFORMATION	
Computation of Operating Expense Per Pupil and Per Capita Tuition Charge	38





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Nippersink School District No. 2  
Richmond, Illinois

### Report on the Financial Statements

We have audited the accompanying basic financial statements of

Nippersink School District No. 2

as of and for the year ended June 30, 2021, 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 practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Nippersink School District No. 2 on the basis of accounting practices prescribed or permitted by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Also as described in Note 1, Nippersink School District No. 2 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Nippersink School District No. 2 as of June 30, 2021, or changes in financial position for the year then ended.

## **Unmodified Opinion on Regulatory Cash Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Nippersink School District No. 2 as of June 30, 2021, and the revenue it received and expenditures it paid for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Illinois State Board of Education as described in Note 1.

## **Change in Accounting Principle**

As described in Note 17 to the financial statements, the District implemented GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12 2021 on our consideration of Nippersink School District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Nippersink School District No. 2's internal control over financial reporting and compliance.

### **Restriction on Use**

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

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 12, 2021





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

To the Board of Education  
 Nippersink School District No. 2  
 Richmond, Illinois

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 basic financial statements of

Nippersink School District No. 2

as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Nippersink School District No. 2's basic financial statements, and have issued our report thereon dated October 12, 2021. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Nippersink School District No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nippersink School District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Nippersink School District No. 2'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nippersink School District No. 2's financial statements 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 financial statements. 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*.

## 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eder, Casella & Co.

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
October 12, 2021

## BASIC FINANCIAL STATEMENTS



NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
ALL FUNDS AND ACCOUNT GROUPS  
AT JUNE 30, 2021

	OPERATIONS AND MAINTENANCE				DEBT SERVICES	TRANSPORTATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY		CAPITAL PROJECTS
	EDUCATIONAL	MAINTENANCE	AND						
Cash and Cash Equivalents	\$ 6,563,824	\$ 3,129,681	\$ -	\$ -	\$ 2,021,243	\$ 613,681	\$ 1,757,719		
Investments	2,218,983	1,058,028	-	-	683,307	207,462	594,219		
Other Receivables	2,231	2,944	-	-	-	1,946	-		
Capital Assets									
Land	-	-	-	-	-	-	-		
Building and Building Improvements	-	-	-	-	-	-	-		
Site Improvements and Infrastructure	-	-	-	-	-	-	-		
Capitalized Equipment	-	-	-	-	-	-	-		
<b>Total Assets</b>	<b>\$ 8,785,038</b>	<b>\$ 4,190,653</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,704,550</b>	<b>\$ 823,089</b>	<b>\$ 2,351,938</b>		

LIABILITIES AND FUND BALANCE

<b>LIABILITIES</b>								
Current Liabilities	\$ 3,653	\$ -	\$ -	\$ -	\$ -	\$ 1,213	\$ -	
Other Payables	-	664	-	-	-	-	-	
Loans Payable	-	-	-	-	-	-	-	
Payroll Deductions & Withholdings	50,650	-	-	-	-	-	-	
Total Current Liabilities	\$ 54,303	\$ 664	\$ -	\$ -	\$ -	\$ 1,213	\$ -	
Total Liabilities	\$ 54,303	\$ 664	\$ -	\$ -	\$ -	\$ 1,213	\$ -	
<b>FUND BALANCE</b>								
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund Balance								
Reserved	98,909	-	-	-	-	468,204	-	
Unreserved								
Undesignated	8,631,826	4,189,989	-	-	2,704,550	353,672	2,351,938	
Total Fund Balance	\$ 8,730,735	\$ 4,189,989	\$ -	\$ -	\$ 2,704,550	\$ 821,876	\$ 2,351,938	
Total Liabilities and Fund Balance	\$ 8,785,038	\$ 4,190,653	\$ -	\$ -	\$ 2,704,550	\$ 823,089	\$ 2,351,938	

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
ALL FUNDS AND ACCOUNT GROUPS  
AT JUNE 30, 2021

	WORKING CASH	TORT	FIRE PREVENTION & SAFETY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 879,990	\$ 497,078	\$ 100,885	\$ -	\$ -	\$ 15,564,101
Investments	297,492	168,043	34,106	-	-	5,261,640
Other Receivables	-	-	-	-	-	7,121
Capital Assets						
Land	-	-	-	791,988	-	791,988
Building and Building Improvements	-	-	-	13,115,510	-	13,115,510
Site Improvements and Infrastructure	-	-	-	1,696,192	-	1,696,192
Capitalized Equipment	-	-	-	5,283,655	-	5,283,655
<b>Total Assets</b>	<b>\$ 1,177,482</b>	<b>\$ 665,121</b>	<b>\$ 134,991</b>	<b>\$ 20,887,345</b>	<b>\$ -</b>	<b>\$ 41,720,207</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Current Liabilities						
Other Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,866
Loans Payable	-	-	-	-	-	664
Payroll Deductions & Withholdings	-	-	-	-	-	50,650
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,180
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,180
<b>FUND BALANCE</b>						
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ 20,887,345	\$ -	\$ 20,887,345
Fund Balance						
Reserved	-	-	-	-	-	567,113
Unreserved						
Undesignated	1,177,482	665,121	134,991	-	-	20,209,569
Total Fund Balance	\$ 1,177,482	\$ 665,121	\$ 134,991	\$ 20,887,345	\$ -	\$ 41,664,027
Total Liabilities and Fund Balance	\$ 1,177,482	\$ 665,121	\$ 134,991	\$ 20,887,345	\$ -	\$ 41,720,207

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER  
 FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE -  
 ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
REVENUE RECEIVED					
Local Sources	\$ 10,767,681	\$ 1,883,457	\$ -	\$ 366,028	\$ 647,611
State Sources	1,285,894	-	-	157,089	-
Federal Sources	660,545	-	-	-	-
Student Activity Fund	23,140	-	-	-	-
State Retirement Contributions	7,426,423	-	-	-	-
	<u>\$ 20,163,683</u>	<u>\$ 1,883,457</u>	<u>\$ -</u>	<u>\$ 523,117</u>	<u>\$ 647,611</u>
EXPENDITURES DISBURSED					
Instruction	\$ 9,292,607	\$ -	\$ -	\$ -	\$ 185,946
Support Services	4,037,851	1,512,415	-	334,041	265,856
Payments to Other Districts and Governmental Units	270,320	-	-	-	-
Student Activity Fund	43,223	-	-	-	-
State Retirement Contributions	7,426,423	-	-	-	-
	<u>\$ 21,070,424</u>	<u>\$ 1,512,415</u>	<u>\$ -</u>	<u>\$ 334,041</u>	<u>\$ 451,802</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	\$ (906,741)	\$ 371,042	\$ -	\$ 189,076	\$ 195,809
FUND BALANCE - JULY 1, 2020	9,518,484	3,818,947	-	2,515,474	626,067
FUND BALANCE ADJUSTMENT - NOTE 18	118,992	-	-	-	-
FUND BALANCE - JUNE 30, 2021	<u>\$ 8,730,735</u>	<u>\$ 4,189,989</u>	<u>\$ -</u>	<u>\$ 2,704,550</u>	<u>\$ 821,876</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER  
 FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE -  
 ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION & SAFETY	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED					
Local Sources	\$ 755	\$ 38,478	\$ 205,132	\$ 1,503	\$ 13,910,645
State Sources	-	-	-	-	1,442,983
Federal Sources	-	-	-	-	660,545
Student Activity Fund	-	-	-	-	23,140
State Retirement Contributions	-	-	-	-	7,426,423
	<u>\$ 755</u>	<u>\$ 38,478</u>	<u>\$ 205,132</u>	<u>\$ 1,503</u>	<u>\$ 23,463,736</u>
EXPENDITURES DISBURSED					
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 9,478,553
Support Services	-	-	121,557	-	6,271,720
Payments to Other Districts and Governmental Units	-	-	-	-	270,320
Student Activity Fund	-	-	-	-	43,223
State Retirement Contributions	-	-	-	-	7,426,423
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,557</u>	<u>\$ -</u>	<u>\$ 23,490,239</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED AND OTHER FINANCING SOURCES OVER EXPENDITURES DISBURSED AND OTHER FINANCING USES	\$ 755	\$ 38,478	\$ 83,575	\$ 1,503	\$ (26,503)
FUND BALANCE - JULY 1, 2020	2,351,183	1,139,004	581,546	133,488	20,684,193
FUND BALANCE ADJUSTMENT - NOTE 18	-	-	-	-	118,992
FUND BALANCE - JUNE 30, 2021	<u>\$ 2,351,938</u>	<u>\$ 1,177,482</u>	<u>\$ 665,121</u>	<u>\$ 134,991</u>	<u>\$ 20,776,682</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY
<b>REVENUE RECEIVED</b>					
Local Sources					
Ad Valorem Taxes Levied					
Designated Purpose Levies	\$ 10,383,186	\$ 1,835,197	\$ -	\$ 359,803	\$ 299,605
Leasing Levy	203,907	-	-	-	-
FICA/Medicare Only Purposes Levy	-	-	-	-	299,596
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	114,590	-	-	-	46,805
Tuition					
Special Education Tuition from Other Districts (In State)	1,500	-	-	-	-
Interest on Investments	33,019	9,222	-	6,225	1,605
Food Service					
Sales to Pupils - Lunch	12,896	-	-	-	-
Other Food Service	523	-	-	-	-
District/School Activity Income					
Fees	210	-	-	-	-
Student Activity Fund Revenues	23,140	-	-	-	-
Textbooks					
Rentals - Regular Textbook	2,280	-	-	-	-
Other	1,131	-	-	-	-
Payments from Other Districts	1,633	-	-	-	-
Other Local Revenues	12,806	39,038	-	-	-
<b>Total Local Sources</b>	<b>\$ 10,790,821</b>	<b>\$ 1,883,457</b>	<b>\$ -</b>	<b>\$ 366,028</b>	<b>\$ 647,611</b>
State Sources					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ 1,150,692	\$ -	\$ -	\$ -	\$ -
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	80,124	-	-	-	-
Orphanage - Individual	53,085	-	-	-	-
State Free Lunch and Breakfast	344	-	-	-	-
Transportation					
Regular/Vocational	-	-	-	10,895	-
Special Education	-	-	-	146,194	-
Other Restricted Revenue from State Sources	1,649	-	-	-	-
<b>Total State Sources</b>	<b>\$ 1,285,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 157,089</b>	<b>\$ -</b>
<b>REVENUE RECEIVED (Continued)</b>					
Federal Sources					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
Summer Food Service Admin/Program	\$ 138,241	\$ -	\$ -	\$ -	\$ -
Title I					
Low Income	162,931	-	-	-	-
Title IV					
Student Support & Academic Enrichment	2,614	-	-	-	-
Federal - Special Education					
Preschool - Flow Through	9,661	-	-	-	-
IDEA - Flow Through/Low Incidence	199,637	-	-	-	-
Title II - Teacher Quality	33,273	-	-	-	-
Medicaid Matching Funds - Administrative Outreach	38,608	-	-	-	-
Other Federal Sources	75,580	-	-	-	-
<b>Total Federal Sources</b>	<b>\$ 660,545</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Revenue</b>	<b>\$ 12,737,260</b>	<b>\$ 1,883,457</b>	<b>\$ -</b>	<b>\$ 523,117</b>	<b>\$ 647,611</b>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
STATEMENT OF REVENUE RECEIVED - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	CAPITAL PROJECTS	WORKING CASH	TORT	FIRE PREVENTION & SAFETY	TOTAL (MEMORANDUM ONLY)
<b>REVENUE RECEIVED</b>					
<b>Local Sources</b>					
Ad Valorem Taxes Levied					
Designated Purpose Levies	\$ -	\$ 35,692	\$ 203,907	\$ 1,179	\$ 13,118,569
Leasing Levy	-	-	-	-	203,907
FICA/Medicare Only Purposes Levy	-	-	-	-	299,596
Payments in Lieu of Taxes					
Corporate Personal Property Replacement Taxes	-	-	-	-	161,395
Tuition					
Special Education Tuition from Other Districts (In State)	-	-	-	-	1,500
Interest on Investments	755	2,786	1,225	324	55,161
Food Service					
Sales to Pupils - Lunch	-	-	-	-	12,896
Other Food Service	-	-	-	-	523
District/School Activity Income					
Fees	-	-	-	-	210
Student Activity Fund Revenues	-	-	-	-	23,140
Textbooks					
Rentals - Regular Textbook	-	-	-	-	2,280
Other	-	-	-	-	1,131
Payments from Other Districts	-	-	-	-	1,633
Other Local Revenues	-	-	-	-	51,844
<b>Total Local Sources</b>	<b>\$ 755</b>	<b>\$ 38,478</b>	<b>\$ 205,132</b>	<b>\$ 1,503</b>	<b>\$ 13,933,785</b>
<b>State Sources</b>					
Unrestricted Grants-In-Aid					
Evidence Based Funding	\$ -	\$ -	\$ -	\$ -	\$ 1,150,692
Restricted Grants-In-Aid					
Special Education					
Private Facility Tuition	-	-	-	-	80,124
Orphanage - Individual	-	-	-	-	53,085
State Free Lunch and Breakfast	-	-	-	-	344
Transportation					
Regular/Vocational	-	-	-	-	10,895
Special Education	-	-	-	-	146,194
Other Restricted Revenue from State Sources	-	-	-	-	1,649
<b>Total State Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,442,983</b>
<b>REVENUE RECEIVED (Continued)</b>					
<b>Federal Sources</b>					
Restricted Grants-In-Aid Received Directly from the Federal Government through the State					
Food Service					
Summer Food Service Admin/Program	\$ -	\$ -	\$ -	\$ -	\$ 138,241
Title I					
Low Income	-	-	-	-	162,931
Title IV					
Student Support & Academic Enrichment	-	-	-	-	2,614
Federal - Special Education					
Preschool - Flow Through	-	-	-	-	9,661
IDEA - Flow Through/Low Incidence	-	-	-	-	199,637
Title II - Teacher Quality	-	-	-	-	33,273
Medicaid Matching Funds - Administrative Outreach	-	-	-	-	38,608
Other Federal Sources	-	-	-	-	75,580
<b>Total Federal Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 660,545</b>
<b>Total Direct Revenue</b>	<b>\$ 755</b>	<b>\$ 38,478</b>	<b>\$ 205,132</b>	<b>\$ 1,503</b>	<b>\$ 16,037,313</b>

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

EXPENDITURES DISBURSED	BUDGET	ACTUAL
Instruction		
Regular Programs		
Salaries	\$ 4,750,000	\$ 5,664,301
Employee Benefits	1,200,000	1,650,820
Purchased Services	50,000	20,639
Supplies and Materials	171,500	77,061
Capital Outlay	35,000	12,475
Other Objects	7,500	-
	<u>\$ 6,214,000</u>	<u>\$ 7,425,296</u>
Pre-K Programs		
Supplies and Materials	\$ -	\$ 86
	<u>\$ -</u>	<u>\$ 86</u>
Special Education Programs		
Salaries	\$ 1,500,000	\$ 1,547,158
Employee Benefits	60,500	40,413
Purchased Services	20,000	190,260
Supplies and Materials	7,500	105
Capital Outlay	5,000	1,258
Other Objects	-	2,417
	<u>\$ 1,593,000</u>	<u>\$ 1,781,611</u>
Interscholastic Programs		
Salaries	\$ 75,000	\$ 5,085
Employee Benefits	1,500	76
Purchased Services	10,000	578
Supplies and Materials	3,300	390
Capital Outlay	8,500	-
Other Objects	1,000	696
	<u>\$ 99,300</u>	<u>\$ 6,825</u>
Summer School Programs		
Salaries	\$ 57,500	\$ 10,552
Employee Benefits	1,000	75
	<u>\$ 58,500</u>	<u>\$ 10,627</u>
Gifted Programs		
Salaries	\$ 65,000	\$ 67,063
Employee Benefits	1,500	1,006
Supplies and Materials	1,500	93
Other Objects	1,000	-
	<u>\$ 69,000</u>	<u>\$ 68,162</u>
Student Activity Fund		
Other Objects	\$ -	\$ 43,223
	<u>\$ -</u>	<u>\$ 43,223</u>
Total Instruction	<u>\$ 8,033,800</u>	<u>\$ 9,335,830</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 225,000	\$ 311,112
Employee Benefits	5,000	4,667
	<u>\$ 230,000</u>	<u>\$ 315,779</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Guidance Services		
Salaries	\$ 75,000	\$ 14,064
Employee Benefits	1,000	211
Supplies and Materials	4,000	45
	<u>\$ 80,000</u>	<u>\$ 14,320</u>
Health Services		
Salaries	\$ 145,000	\$ 135,628
Employee Benefits	5,000	964
Supplies and Materials	7,500	6,662
	<u>\$ 157,500</u>	<u>\$ 143,254</u>
Psychological Services		
Salaries	\$ 85,000	\$ 70,291
Employee Benefits	1,500	1,054
	<u>\$ 86,500</u>	<u>\$ 71,345</u>
Other Support Services - Pupils		
Salaries	\$ 215,000	\$ 222,734
Employee Benefits	10,500	10,400
	<u>\$ 225,500</u>	<u>\$ 233,134</u>
<b>Total Support Services - Pupils</b>	<u>\$ 779,500</u>	<u>\$ 777,832</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 160,000	\$ 150,489
Employee Benefits	16,750	5,061
Purchased Services	62,500	404,231
Supplies and Materials	50,000	22,123
Capital Outlay	-	897
	<u>\$ 289,250</u>	<u>\$ 582,801</u>
Educational Media Services		
Salaries	\$ 215,000	\$ 216,748
Employee Benefits	6,000	6,048
Supplies and Materials	8,500	13,293
	<u>\$ 229,500</u>	<u>\$ 236,089</u>
<b>Total Support Services - Instructional Staff</b>	<u>\$ 518,750</u>	<u>\$ 818,890</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 100,000	\$ 143,260
Supplies and Materials	3,500	15,693
Other Objects	45,000	30,276
	<u>\$ 148,500</u>	<u>\$ 189,229</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Executive Administration Services		
Salaries	\$ 225,000	\$ 247,901
Employee Benefits	35,000	21,985
Purchased Services	275,000	285,566
Supplies and Materials	51,500	906
Capital Outlay	25,000	-
Other Objects	3,500	80
	<u>\$ 615,000</u>	<u>\$ 556,438</u>
Tort Immunity Services		
Purchased Services	\$ -	\$ 1,294
	<u>\$ -</u>	<u>\$ 1,294</u>
<b>Total Support Services - General Administration</b>	<u>\$ 763,500</u>	<u>\$ 746,961</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 646,000	\$ 598,807
Employee Benefits	73,000	59,253
Purchased Services	11,000	7,956
Supplies and Materials	50,000	52,015
Capital Outlay	25,000	-
Other Objects	7,500	1,238
	<u>\$ 812,500</u>	<u>\$ 719,269</u>
Other Support Services - School Administration		
Salaries	\$ -	\$ 61,744
Employee Benefits	-	11,062
Purchased Services	100,000	1,819
Supplies and Materials	-	173
	<u>\$ 100,000</u>	<u>\$ 74,798</u>
<b>Total Support Services - School Administration</b>	<u>\$ 912,500</u>	<u>\$ 794,067</u>
Fiscal Services		
Salaries	\$ 90,000	\$ 98,591
Employee Benefits	10,000	8,977
Purchased Services	5,000	1,130
Supplies and Materials	7,500	5,685
	<u>\$ 112,500</u>	<u>\$ 114,383</u>
Food Services		
Salaries	\$ 135,000	\$ 111,281
Employee Benefits	30,000	23,467
Purchased Services	1,500	405
Supplies and Materials	175,000	56,805
Other Objects	600	600
	<u>\$ 342,100</u>	<u>\$ 192,558</u>
<b>Total Support Services - Business</b>	<u>\$ 454,600</u>	<u>\$ 306,941</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
EDUCATIONAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES DISBURSED (Continued)		
Data Processing Services		
Salaries	\$ 250,000	\$ 220,345
Employee Benefits	15,000	12,394
Purchased Services	150,000	170,683
Supplies and Materials	75,000	149,439
Capital Outlay	95,000	37,689
Other Objects	2,500	-
	<u>\$ 587,500</u>	<u>\$ 590,550</u>
 Total Support Services - Central	 <u>\$ 587,500</u>	 <u>\$ 590,550</u>
 Other Support Services		
Purchased Services	\$ -	\$ 2,610
Total Other Support Services	<u>\$ -</u>	<u>\$ 2,610</u>
 Total Support Services	 <u>\$ 4,016,350</u>	 <u>\$ 4,037,851</u>
 Payments to Other Districts and Governmental Units		
Payments to Other Districts and Other Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 1,500	\$ 3,013
Other Objects	335,000	267,307
	<u>\$ 336,500</u>	<u>\$ 270,320</u>
 Total Payments to Other Districts and Governmental Units (In-State)	 <u>\$ 336,500</u>	 <u>\$ 270,320</u>
 Total Payments to Other Districts and Governmental Units	 <u>\$ 336,500</u>	 <u>\$ 270,320</u>
 Total Direct Expenditures	 <u>\$ 12,386,650</u>	 <u>\$ 13,644,001</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 OPERATIONS AND MAINTENANCE FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		-
Business		
Facilities Acquisition and Construction Services		
Purchased Services	\$ -	\$ 5,144
Other Objects	-	11,749
	\$ -	\$ 16,893
Operation and Maintenance of Plant Services		
Salaries	\$ 430,000	\$ 264,847
Employee Benefits	93,500	66,657
Purchased Services	555,000	569,299
Supplies and Materials	700,000	594,061
Capital Outlay	50,000	-
Non-Capitalized Equipment	-	658
	\$ 1,828,500	\$ 1,495,522
Total Support Services - Business	\$ 1,828,500	\$ 1,512,415
Total Support Services	\$ 1,828,500	\$ 1,512,415
Total Direct Expenditures	\$ 1,828,500	\$ 1,512,415

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 DEBT SERVICES FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Payments to Other Dist & Govt Units		
Payments Payments for Regular Programs		
Other Objects	\$ 135,000	\$ -
Total Payments to Other Dist & Govt Units	\$ 135,000	\$ -
 Total Direct Expenditures	 \$ 135,000	 \$ -

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 TRANSPORTATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Pupil		
Other Support Services - Pupils		
Purchased Services	\$ 675,000	\$ -
Total Support Services - Pupil	\$ 675,000	\$ -
Business		
Pupil Transportation Services		
Purchased Services	\$ -	\$ 334,041
	\$ -	\$ 334,041
Total Support Services - Business	\$ -	\$ 334,041
Total Support Services	\$ 675,000	\$ 334,041
Total Direct Expenditures	\$ 675,000	\$ 334,041

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
FOR THE YEAR ENDED JUNE 30, 2021

EXPENDITURES DISBURSED	<u>BUDGET</u>	<u>ACTUAL</u>
Instruction		
Regular Programs		
Employee Benefits	\$ 105,000	\$ 99,577
Special Education Programs		
Employee Benefits	84,000	84,374
Interscholastic Programs		
Employee Benefits	2,000	74
Summer School Programs		
Employee Benefits	3,000	949
Gifted Programs		
Employee Benefits	1,000	972
Total Instruction	<u>\$ 195,000</u>	<u>\$ 185,946</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 3,750	\$ 4,511
Guidance Services		
Employee Benefits	1,100	204
Health Services		
Employee Benefits	8,000	7,475
Psychological Services		
Employee Benefits	1,000	1,019
Other Support Services - Pupils		
Employee Benefits	35,750	36,682
Total Supports Services - Pupils	<u>\$ 49,600</u>	<u>\$ 49,891</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 3,825	\$ 13,392
Educational Media Services		
Employee Benefits	13,500	13,993
Total Support Services - Instructional Staff	<u>\$ 17,325</u>	<u>\$ 27,385</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 12,775	\$ 15,266
Total Support Services - General Administration	<u>\$ 12,775</u>	<u>\$ 15,266</u>
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 35,000	\$ 32,058
Other Support Services - School Administration		
Employee Benefits	5,000	5,460
Total Support Services - School Administration	<u>\$ 40,000</u>	<u>\$ 37,518</u>

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Business		
Fiscal Services		
Employee Benefits	\$ 17,500	\$ 31,533
Operation and Maintenance of Plant Services		
Employee Benefits	55,000	42,903
Food Services		
Employee Benefits	24,000	17,825
Total Support Services - Business	\$ 96,500	\$ 92,261
Central		
Data Processing Services		
Employee Benefits	\$ 43,000	\$ 43,535
Total Support Services - Central	\$ 43,000	\$ 43,535
Total Support Services	\$ 259,200	\$ 265,856
Total Direct Expenditures	\$ 454,200	\$ 451,802

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

EXPENDITURES DISBURSED	<u>BUDGET</u>	<u>ACTUAL</u>
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 150,000	\$ -
Capital Outlay	150,000	-
Total Support Services - Business	<u>\$ 300,000</u>	<u>\$ -</u>
 Total Support Services	 <u>\$ 300,000</u>	 <u>\$ -</u>
 Total Direct Expenditures	 <u><u>\$ 300,000</u></u>	 <u><u>\$ -</u></u>

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 TORT FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
General Administration		
Claims Paid from Self Insurance Fund		
Purchased Services	\$ 200,000	\$ 121,557
Total Support Services - General Administration	\$ 200,000	\$ 121,557
Total Support Services	\$ 200,000	\$ 121,557
Total Direct Expenditures	\$ 200,000	\$ 121,557

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
 SCHEDULE OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL  
 FIRE PREVENTION AND SAFETY FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Capital Outlay	\$ 100,000	\$ -
Total Support Services - Business	\$ 100,000	\$ -
Total Support Services	\$ 100,000	\$ -
Total Direct Expenditures	\$ 100,000	\$ -

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

NIPPERSINK SCHOOL DISTRICT NO. 2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nippersink School District No. 2's (District) accounting policies conform to the cash basis of accounting as defined by the 23 Illinois Admin Code 100.

*A. Principles Used to Determine Scope of Entity*

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

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

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

*B. Basis of Presentation – Fund Accounting*

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

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

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

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

Debt Services Fund – The Debt Services Fund is used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on general long-term debt.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

Tort Fund – The Tort Fund is used to account for a separate tax levied for tort immunity or tort judgement purposes and for any bonds sold for this purpose.

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

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

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

### Measurement Focus

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

### General Fixed Assets and General Long-Term Debt Account Groups

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### *C. Basis of Accounting*

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

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

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

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

### *D. Budgets and Budgetary Accounting*

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on September 28, 2020.

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

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

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

### *E. Cash and Cash Equivalents*

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

No District fund had a cash overdraft at June 30, 2021.

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

### F. *Investments*

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization.

### G. *Inventories*

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

### H. *Interfund Activity*

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

### I. *General Fixed Assets*

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the funds and capitalized at cost in the General Fixed Assets Account Group. The District's capitalization threshold is \$500. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge, which is calculated on a straight-line basis with useful lives of 50 years for Buildings, 20 years for Improvements Other than Buildings, and 5 to 10 years for Equipment).

### J. *Governmental Fund Balances*

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

### K. *Property Tax Calendar and Revenues*

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2020 levy was passed by the Board on December 16, 2020. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

NOTES TO FINANCIAL STATEMENTS (Continued)

L. *Total Memorandum Only*

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

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

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

As of June 30, 2021, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (n Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pools	\$ 12,013,410	\$ 12,013,410	\$ -	\$ -	\$ -

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

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

*Credit Risk.* State law limits investments based on credit risk. The District's investment policy further limits its investment choices to ensure that capital loss, whether from credit or market risk, is avoided. As of June 30, 2021, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor's

**NOTE 3 - FAIR VALUE MEASUREMENT**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable assets; Level 3 are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	6/30/2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 5,261,640	\$ -	\$ 5,261,640
Total Investments by fair value level	\$ 5,261,640	\$ -	\$ 5,261,640

Certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTES TO FINANCIAL STATEMENTS (Continued)

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Land	\$ 791,988	\$ -	\$ -	\$ 791,988
Building and Building Improvements	13,115,510	-	-	13,115,510
Site Improvements and Infrastructure	1,696,192	-	-	1,696,192
Capitalized Equipment	5,231,336	52,319	-	5,283,655
	<u>\$ 20,835,026</u>	<u>\$ 52,319</u>	<u>\$ -</u>	<u>\$ 20,887,345</u>

**NOTE 5 - SPECIAL TAX LEVIES AND RESERVED EQUITY**

*A. Special Education Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Educational Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balance. Accordingly, there is no reserved fund balance for this tax levy.

*B. Social Security Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. A portion, \$468,204, of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future social security disbursements.

*C. Student Activity Funds*

Cash receipts and related cash disbursements for these funds are accounted for in the Educational Fund. A portion, \$98,909 of this fund's equity represents the excess of cumulative receipts over cumulative disbursements, which is reserved for future student activity fund disbursements.

**NOTE 6 - INTERFUND TRANSFERS**

There were no interfund transfers during the year ended June 30, 2021.

**NOTE 7 - DEFICIT FUND BALANCE**

No District fund had a deficit fund balance at June 30, 2021.

**NOTE 8 - PROPERTY TAXES**

Taxes recorded in these financial statements are from the 2020 (\$6,844,758) and 2019 (\$6,777,314) tax levies.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

TAX YEAR ASSESSED VALUATION	2020		2019		2018	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
	\$394,728,772		\$383,659,467		\$365,030,695	
Educational	2.5632	\$ 10,117,574	2.5663	\$ 9,845,841	2.6368	\$ 9,625,009
Tort Immunity	0.0510	201,363	0.0497	190,740	0.0507	185,005
Special Education	0.0510	201,363	0.0497	190,740	0.0507	185,005
Operations and Maintenance	0.4516	1,782,769	0.4550	1,745,582	0.4480	1,635,505
Transportation	0.0908	358,520	0.0869	333,427	0.0890	325,005
Fire Prevention/Safety	0.0003	1,184	0.0003	1,078	0.0003	1,022
Working Cash	0.0100	39,291	0.0077	29,423	0.0069	25,005
Municipal Retirement	0.0753	297,128	0.0727	279,001	0.0753	275,007
Social Security	0.0753	297,128	0.0727	279,001	0.0753	275,007
	<u>3.3685</u>	<u>\$ 13,296,320</u>	<u>3.3610</u>	<u>\$ 12,894,833</u>	<u>3.4330</u>	<u>\$ 12,531,569</u>

**NOTE 9 - OPERATING LEASES**

The District leases postage machine and copier equipment under operating leases. The total lease expense for fiscal year 2021 was \$84,055.

Annual requirements to cover outstanding lease agreements at June 30, 2021 are:

Year Ending June 30	Total Payments
2022	\$ 81,468
2023	82,100
2024	82,100
2025	632
	<u>\$ 246,300</u>

**NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended June 30, 2021, the following District fund had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Educational Fund	\$ 12,386,650	\$ 13,644,001	\$ 1,257,351

**NOTE 11 - RETIREMENT FUND COMMITMENTS**

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

*General Information About the Pension Plan*

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2020>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II. members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be funded by bonds issued by the state of Illinois.

### Contributions

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

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

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2021, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$7,319,891 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021 were \$47,928.

Federal and Special Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an

## NOTES TO FINANCIAL STATEMENTS (Continued)

employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2021, the District pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$0 were paid from federal and special trust funds that required District contributions of \$0.

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the District paid \$9,175 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

### *B. Illinois Municipal Retirement Fund*

#### Plan Description

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

#### Benefits Provided

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

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

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement

## NOTES TO FINANCIAL STATEMENTS (Continued)

benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate.

### Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rates for calendar years 2020 and 2021 were 8.17% and 8.14%, respectively. For the fiscal year ended June 30, 2021, the District contributed \$168,771 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### *C. Social Security*

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

## **NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS**

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

#### *General Information About the OPEB Plan*

#### Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior

## NOTES TO FINANCIAL STATEMENTS (Continued)

reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

### Benefits Provided

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

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
  - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
  - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
  - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

### Contributions

For the fiscal year ended June 30, 2021, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to .92% of each teacher's salary. For the fiscal year ended June 30, 2020, the employee contribution was 1.24% of salary and the employer contribution was 0.92% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer. Total employer contributions for the fiscal year ended June 30, 2021 were \$76,023.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2021, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the

## NOTES TO FINANCIAL STATEMENTS (Continued)

District, and the District recognized revenue and expenditures of \$106,532 in benefit contributions from the State of Illinois.

### B. *Retiree Insurance Plan*

#### Plan Overview

In addition to the retirement plans described in Note 12, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides the following coverage:

##### Medical Coverage

###### *Administrators*

The District pays 100% of the premium for District medical coverage for the individual and spouse. The subsidy for both the retiree and spouse ends upon attainment of age 65 by the retiree.

###### *Certified Teachers*

The District offers the option of an annual \$2,000 cash payment or an annual \$2,000 contribution for TRIP coverage. The subsidy ends upon attainment of age 65 by the retiree. The amount stays fixed and does not increase.

###### *IMRF Employees*

IMRF employees may continue coverage into retirement on the District plans if they pay the entire premium. Dependents may also continue coverage on a pay-all basis. Coverage may continue for as long as required contributions are paid.

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

#### Eligibility

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

##### *Administrators and Certified Teachers*

Employees must meet the Teachers' Retirement System ("TRS") requirements for participation in the TRS retirement program:

###### Tier I Members (First Contributed Prior to January 1, 2011)

- Age 62 with 5 years of service, or
- Age 60 with 10 years of service, or
- Age 55 with 20 years of service (discounted benefits), or
- Age 55 with 35 years of service.

###### Tier II Members (First Contributed On or After January 1, 2011)

- 62 years old with 10 years of service (reduced pension), or
- 67 years old with 10 years of service (full pension).

##### *IMRF Employees*

Employees must meet the following Illinois Municipal Retirement Fund ("IMRF") requirements for participation in the IMRF retirement program.

###### Regular Plan Tier I (Enrolled in IMRF Prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)

###### Regular Plan Tier II (Enrolled in IMRF Prior to January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)

#### Contributions

The only cash payments made under OPEB plan provisions for the current year were TRIP insurance. Total cash payments were \$6,000.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

A summary of financial condition (cash basis) of SEDOM at June 30, 2020 (most recent information available) is as follows:

Assets	\$ 9,999,206
Liabilities	\$ 25,193
Fund Equity	9,974,013
	<u>\$ 9,999,206</u>
Revenues Received	\$ 5,635,048
Expenditures Disbursed	5,680,430
Net Increase/(Decrease) in Fund Balance	<u>\$ (45,382)</u>

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

**NOTE 14 - RISK MANAGEMENT**

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

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

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

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

As of June 30, 2021, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**NOTE 15 - CONTINGENCIES**

The District is not aware of any litigation which might have a material adverse effect on the District's financial position.

**NOTE 16 - LEGAL DEBT LIMITATION**

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

NOTES TO FINANCIAL STATEMENTS (Continued)

2020 EAV	\$ 394,728,772
Rate	<u>6.90%</u>
Debt Margin	\$ 27,236,285
Current Debt	-
Remaining Debt Margin	<u>\$ 27,236,285</u>

**NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE**

The District has implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes financial reporting standards related to fiduciary activities of the District. Implementation of this standard resulted in the Student Activity Fund no longer being reported as a separate fiduciary fund for the District and a net position adjustment of \$118,992 being made to reclassify the Student Activity Fund's net position to the Educational Fund

**NOTE 18 - SUBSEQUENT EVENTS**

Since March 2020, the COVID-19 outbreak in the United States has created disruptions in various governments and has continued to impact these organizations. The District was not impacted during the year ended June 30, 2021. However, the extent of any additional impact on the District is uncertain and cannot be reasonably estimated at this time.

**SUPPLEMENTAL FINANCIAL INFORMATION**

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NIPPERSINK SCHOOL DISTRICT NO. 2  
 COMPUTATION OF OPERATING EXPENSE PER PUPIL  
 AND PER CAPITA TUITION CHARGE  
 AT JUNE 30, 2021

<b>OPERATING EXPENSE PER PUPIL</b>	
<b>EXPENDITURES:</b>	
Education	\$ 13,600,778
Operations & Maintenance	1,512,415
Transportation	334,041
Illinois Municipal Retirement/Social Security Fund	451,802
Tort	121,557
<b>Total Expenditures</b>	<b>\$ 16,020,593</b>
<b>LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:</b>	
Pre-K Programs	\$ 86
Summer School Programs	10,627
Total Payments to Other Govt Units	270,320
Capital Outlay	52,319
Non-Capitalized Equipment	658
Summer School Programs	949
<b>Total Deductions for OEOP Computation</b>	<b>\$ 334,959</b>
<b>Total Operating Expenses Regular K-12</b>	<b>15,685,634</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2020-2021</b>	<b>983.30</b>
<b>Estimated OEPP</b>	<b>\$ 15,952.03</b>

<b>PER CAPITA TUITION CHARGE</b>	
<b>LESS OFFSETTING RECEIPTS/REVENUES:</b>	
Total Food Service	\$ 13,419
Total District/School Activity Income	210
Rentals - Regular Textbooks	2,280
Other	1,131
Payment from Other Districts	1,633
Total Special Education	133,209
State Free Lunch & Breakfast	344
Total Transportation	157,089
Other Restricted Revenue from State Sources	1,649
Total Food Service	138,241
Total Title I	162,931
Total Title IV	2,614
Fed - Spec Education - IDEA - Flow Through	199,637
Title II - Teacher Quality	33,273
Medicaid Matching Funds - Administrative Outreach	38,608
Other Restricted Revenue from Federal Sources	75,580
Special Education Contributions from EBF Funds	469,269
English Learning (Bilingual) Contributions from EBF Funds	199
<b>Total Deductions for PCTC Computation</b>	<b>\$ 1,431,316</b>
<b>Net Operating Expense for Tuition Computation</b>	<b>14,254,318</b>
<b>Total Depreciation Allowance (from page 32, Line 18, Col I)</b>	<b>453,431</b>
<b>Total Allowance for PCTC Computation</b>	<b>14,707,749</b>
<b>9 Month ADA - Student Information System (SIS) in IWAS - preliminary ADA 2020-2021</b>	<b>983.30</b>
<b>Total Estimated PCTC</b>	<b>\$ 14,957.54</b>

Unaudited

