

# **Niles Township District for Special Education #807**

Financial Report  
June 30, 2021

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RSM US LLP

## Independent Auditor's Report

To the Governing Board  
Niles Township District for Special Education #807

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Niles Township District for Special Education #807 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Niles Township District for Special Education #807 as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As stated in Note 10 to the financial statements, the June 30, 2020 net position of the governmental activities and the June 30, 2020 fund balance of the General Fund were restated as a result of an error related to the recognition of revenue. In addition, during the year ended June 30, 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which required a restatement to the June 30, 2020 net position and the fund balance of the General Fund. Our opinions are not modified with respect to these matters.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis (pages 3-10), schedules of employer's proportionate share of net pension and other postemployment benefit (OPEB) liabilities, employer contributions (pages 45-52) and budgetary comparison information (page 53) and related note (page 54) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The accompanying supplementary information, as listed in the table of contents, 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*RSM US LLP*

Chicago, Illinois  
January 26, 2022

**Required Supplementary Information**

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

## **Niles Township District for Special Education #807**

### **Management's Discussion and Analysis For the Year Ended June 30, 2021**

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The management's discussion and analysis of Niles Township District for Special Education #807's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2021. The management of the District encourages readers to consider the information presented herein in conjunction with the financial statements to enhance their understanding of the District's financial performance.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,991,026 (net position).
- In total, net position increased by \$1,014,373. This increase is the result of charges for services revenues and operating grants and contributions exceeding expenditures that were slightly below budget.
- Local revenue sources increased 11.3% to \$15,155,226 and were 67.0% of total revenues. Local revenue sources include tuition paid by member and nonmember districts as well as the District's and member districts' Medicaid receipts, which are administered by the District and allocated to the District as supplemental payments.
- Operating grants and contributions were \$7,045,512, a decrease of 11.2%, and were 31.7% of total revenues.
- Overall, the combined revenues of the District's governmental funds were \$3,859,323 more than expenditures. This operating surplus increased the District's governmental funds' combined fund balance to \$20,657,369 from \$16,798,046 (adjusted for prior period adjustments). This increase occurred as a result of increased IDEA flow through funding as well as a decrease in capital outlay expenditures.
- The District's Governing Board has committed \$4,633,753 of current fund balance to be used to fund future capital projects.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements.
- Fund financial statements.
- Notes to basic financial statements.

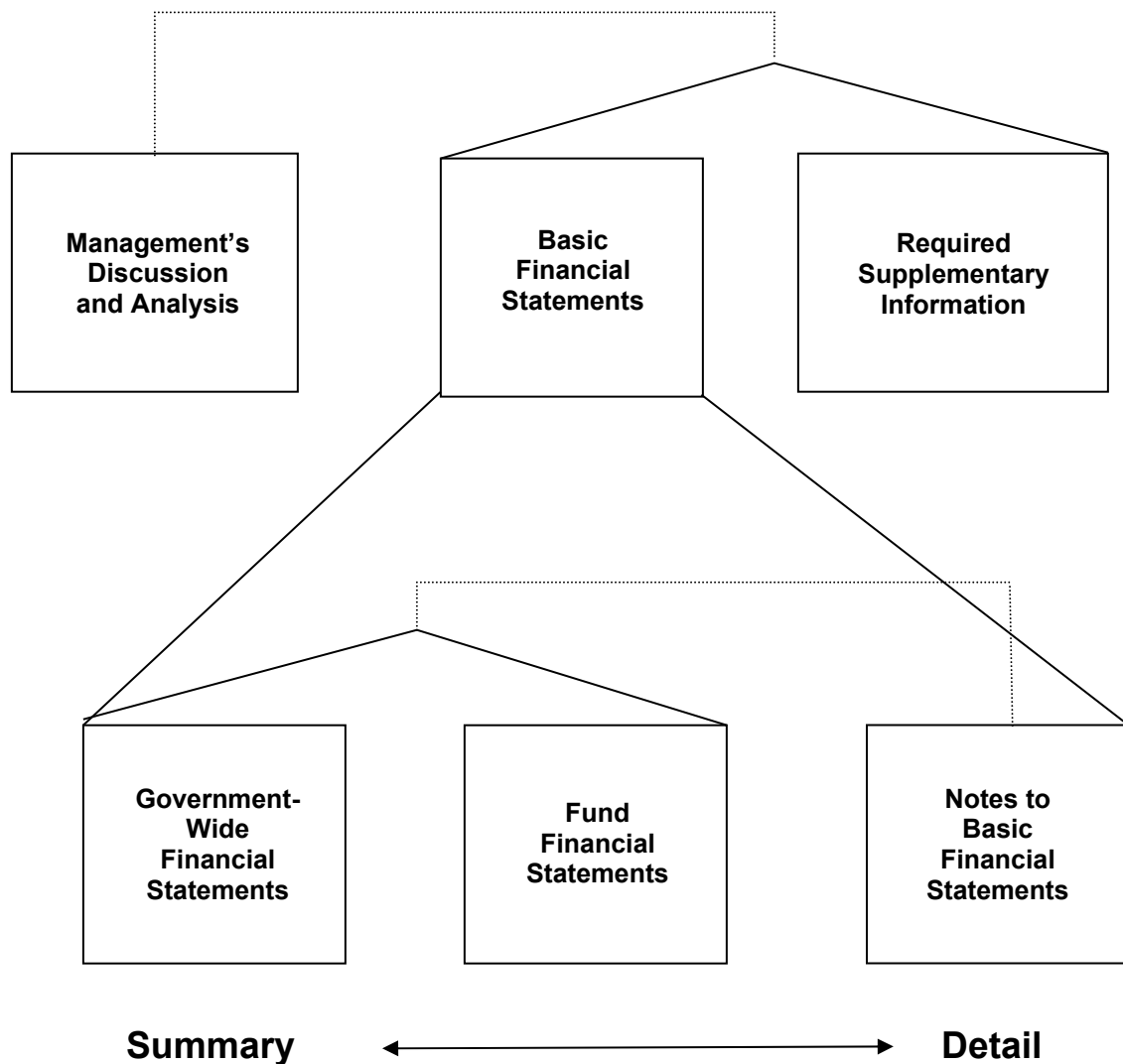
**Niles Township District for Special Education #807**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

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

**Figure A-1  
Organization of Niles Township District for Special Education #807's Annual Financial Report**



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

**Government-Wide Financial Statements**

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



## Niles Township District for Special Education #807

### Management's Discussion and Analysis For the Year Ended June 30, 2021

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

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

In the government-wide financial statements, the District's activities are all categorized as *Governmental Activities*. All of the District's basic services are included here, such as special education, transportation, and administration. Local aid finances most of these activities.

### Fund Financial Statements

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

- Some funds are required by state law.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has the following category of funds:

- *Governmental fund*: Most of the District's basic services are included in its governmental fund, the General Fund, which generally focuses on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the capital asset focus of the government-wide statements, additional information after each of the governmental fund statements explains the relationship (or differences) between them.

### Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liabilities, employer contributions, and progress in funding its obligation to provide retirement benefits to its employees.

**Niles Township District for Special Education #807**

**Management’s Discussion and Analysis  
For the Year Ended June 30, 2021**

**Government-Wide Financial Analysis**

*Net position.* The District’s net position increased by \$1,014,373 compared to the prior year. At year-end, total net position was \$11,991,026 (See Figure A-2).

The District’s financial position is the product of many factors.

- Cash balances increased approximately \$5.4 million and intergovernmental receivables decreased \$0.5 million, and as a result, total current assets increased approximately \$4.9 million.
- The District reports a net pension asset as a result of the District’s participation in the Illinois Municipal Retirement Fund (IMRF) and a net pension liability Teachers’ Retirement System (TRS). Net pension liability decreased approximately \$0.8 million from the prior year.
- The District’s reports a net OPEB liability as a result of the District’s self-insured plan and its participation in the Teachers’ Health Insurance Security Fund (THIS). Net OPEB liability increased immaterially from the prior year.
- Revenues from charges for services increased \$1.6 million from the prior year.

<b>Figure A-2</b>		
<b>Condensed Statement of Net Position</b>		
<i>(in thousands of dollars)</i>		
	2021	2020
Current assets	\$ 20,635	\$ 16,822
Noncurrent assets	4,687	3,594
Deferred outflows	1,239	884
Total assets and deferred outflows	26,561	21,300
Current liabilities	208	23
Long-term liabilities	12,155	9,268
Deferred inflows	2,207	1,032
Total liabilities and deferred inflows	14,570	10,323
Net position:		
Net investment in capital assets	4,368	3,594
Restricted	3,501	-
Unrestricted	4,122	7,383
Total net position	\$ 11,991	\$ 10,977

*Changes in Net Position.* The District’s total revenues were \$22.5 million (See Figure A-3). Charges for services represented the District’s largest source of revenue, representing approximately 67.8% of total revenue. Operating grants also accounted for a large portion of the District’s revenue, contributing about 32 cents of every dollar raised (See Figure A-4).

The total cost of all programs and services was \$21.5 million. The District’s expenses are predominantly related to instruction (44.8% of total expenditures) and support services (28.7%). Remaining expenditures include on-behalf state retirement fund contributions (27.1%) and community services (1.4%).

Niles Township District for Special Education #807

Management's Discussion and Analysis  
For the Year Ended June 30, 2021

Figure A-3  
Changes in Net Position from Operating Results  
(in thousands of dollars)

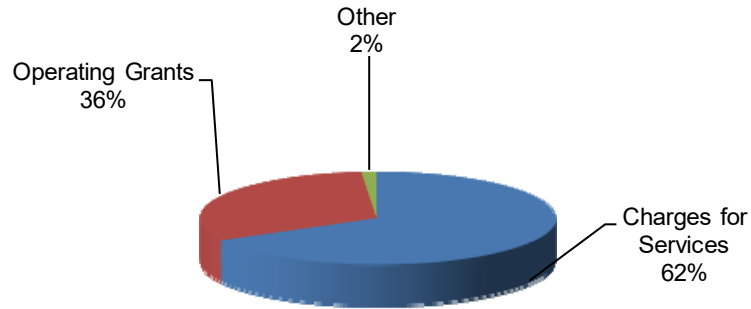
	Governmental		Governmental	
	Activities	Percentage	Activities	Percentage
	2021	of Total	2020	of Total
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 15,352	68.2%	\$ 13,816	60.0%
Less member credits	(197)	-0.9%	(197)	-0.9%
	15,155	67.3%	13,619	59.1%
Operating grants and contributions	7,045	31.3%	9,039	39.3%
	22,200	98.6%	22,658	98.4%
General revenues				
Other	310	1.4%	374	1.6%
<b>Total revenues</b>	<b>22,510</b>	<b>100.0%</b>	<b>23,032</b>	<b>100.0%</b>
<b>Expenses</b>				
Instruction	9,636	44.8%	11,359	51.1%
State retirement contributions	5,643	26.3%	4,919	22.1%
Support services	5,822	27.1%	5,688	25.5%
Payments to other governments	-	0.0%	208	0.9%
Community services	311	1.4%	98	0.4%
Interest and fiscal charges	84	0.4%	-	0.0%
<b>Total expenses</b>	<b>21,496</b>	<b>100.0%</b>	<b>22,272</b>	<b>100.0%</b>
<b>Change in net position</b>	<b>1,014</b>		<b>760</b>	
<b>Net position:</b>				
Beginning, as restated	10,977		10,217	
Ending	<u>\$ 11,991</u>		<u>\$ 10,977</u>	

**Niles Township District for Special Education #807**

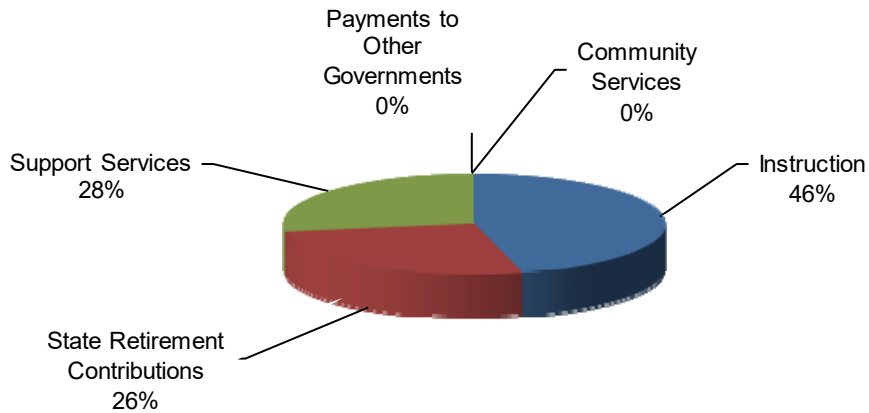
**Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

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**Figure A-4 2021 Government-Wide Revenues By Source**



**Figure A-5 2021 Government-Wide Expenses**



## Niles Township District for Special Education #807

### Management's Discussion and Analysis For the Year Ended June 30, 2021

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#### Financial Analysis of the District's Funds

At June 30, 2021, the District's General fund reported a fund balance of \$17,156,638, an increase of \$358,592 from the \$16,798,046 fund balance reported at June 30, 2020, as restated. The increase relates primarily to charges for services revenue exceeding budget and targeted expense reductions resulting in expenditures under budget.

The District's Board has committed \$4.6 million of fund balance to fund future capital projects. Additionally, the District provided member Districts tuition credits, allocated across all Districts, in the current and five previous school years. The District evaluates the member districts' tuition credits annually to determine the amount of credit, if any, granted to member districts. Credits to member districts were approximately \$0.2 million in the current year. The funds available for these agreements are from Medicaid entries made by the District and member districts' staff.

#### Budgetary Highlights

The District has established budgetary controls which were put in place by its Governing Board.

- Charges for services came in \$3.1 million over budget due to increased enrollment from primarily member and nonmember districts.
- Federal aid was slightly over budget, as a result of state payments being received timely. Federal aid was \$3.0 million under budget.
- In total, expenditures were \$0.8 million less than budgeted. This favorable variance was primarily the result of targeted expense reductions across all functions. The primary variance in expenses was capital outlay, which was \$0.7 million less than budgeted.

#### Capital Assets

By the end of June 30, 2021, the District had invested \$4,367,956 (net of accumulated depreciation) in a broad range of capital assets, including land, construction in progress, land improvements, buildings, and equipment. Total accumulated depreciation on these assets as of June 30, 2021 was \$2,905,726. (See Figure A-7.) Current year additions totaled \$1,026,620, including work performed Molloy Education Center. Total depreciation expense for the year was \$252,765. More detailed information about capital assets can be found in Note 3 to the financial statements.

**Figure A-7**  
**Capital Assets**

	2021	2020
	<i>(Dollars in Thousands)</i>	
Land	\$ 160	\$ 160
Construction in progress	915	-
Land improvements	968	968
Buildings	4,157	4,122
Equipment	1,074	1,014
Less accumulated depreciation	(2,906)	(2,669)
<b>TOTAL</b>	<b>\$ 4,368</b>	<b>\$ 3,594</b>

## **Niles Township District for Special Education #807**

### **Management's Discussion and Analysis For the Year Ended June 30, 2021**

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#### **Long-term Debt**

During the year, the District issued \$3,095,000 of School Special Education bonds, Series 2021. The proceeds will be used on the work done at the Molloy Education Center. Four member districts will be responsible for the payment of these bonds. More detailed information about long-term debt can be found in Note 4 to the financial statements.

#### **Factors Bearing on the District's Future**

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

- A significant ISBE procedural change at the end of FY20 impacted the receipt of IDEA flow-through funds to the cooperative in FY21 and greatly impacted the District's cash flow.
- The Evidence Based Funding (EBF) model passed in FY18 has impacted the District. Special education personnel reimbursement is now a strand within EBF and is paid at the Hold Harmless amount from FY17 even though the cooperative's salary costs increased each year since FY18.
- The uncertainty of state funding through Evidence Based Funding continues to affect the District's state funding levels and timing of state receipts.
- The rising cost of healthcare could impact the cost for Board-paid benefits for District employees in the future.
- The implementation of the financial model being used by the District must be closely monitored to be sure it continues to be equitable and effective.
- The District should continue to monitor the future of Medicaid funding to school districts.
- The COVID pandemic has created unprecedented challenges for all school districts. COVID related expenditures such as PPE, additional technology for remote instruction, and the cost for additional custodial services have negatively impacted the District's operational expenditures.

#### **Contacting the District's Financial Management**

This financial report is designed to provide the District's member districts, grantors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Niles Township District for Special Education #807, 8701 Menard Avenue, Morton Grove, Illinois 60053.

## **Basic Financial Statements**

**Niles Township District for Special Education #807**

**Statement of Net Position  
June 30, 2021**

	Governmental Activities
<hr/>	
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 20,367,551
Receivables:	
Interest	8,513
Intergovernmental	197,040
Prepaid expenses	62,214
<b>Total current assets</b>	<u>20,635,318</u>
Noncurrent assets:	
Capital assets not being depreciated	1,074,842
Capital assets being depreciated, net	3,293,114
Net pension asset - IMRF	318,674
<b>Total noncurrent assets</b>	<u>4,686,630</u>
<b>Total assets</b>	<u>25,321,948</u>
<b>Deferred Outflows of Resources</b>	
Pension related items - IMRF	588,107
Pension related items - TRS	76,520
OPEB related items - THIS	574,782
<b>Total deferred outflows of resources</b>	<u>1,239,409</u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 26,561,357</u></u>

(Continued)



**Niles Township District for Special Education #807**

**Statement of Net Position (Continued)  
June 30, 2021**

	Governmental Activities
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 23,191
Accrued payroll deductions	(45,242)
Current portion of long-term debt	230,000
<b>Total current liabilities</b>	<u>207,949</u>
Long-term liabilities:	
Long-term debt	3,354,853
Collective net pension liability - TRS	637,552
Collective net OPEB liability - THIS	6,567,862
Total OPEB liability - District plan	1,594,943
<b>Total long-term liabilities</b>	<u>12,155,210</u>
<b>Total liabilities</b>	<u>12,363,159</u>
<b>Deferred Inflows of Resources</b>	
Pension related items - IMRF	855,799
Pension related items - TRS	38,050
OPEB related items - THIS	1,313,323
<b>Total deferred inflows of resources</b>	<u>2,207,172</u>
<b>Net Position</b>	
Net investment in capital assets	4,367,956
Restricted	3,500,731
Unrestricted	4,122,339
<b>Total net position</b>	<u>11,991,026</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 26,561,357</u>

See notes to basic financial statements.

**Niles Township District for Special Education #807**

**Statement of Activities  
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Special programs	\$ 9,476,130	\$ 9,035,792	\$ 836,031	\$ 395,693
Other instructional programs	159,429	155,848	14,420	10,839
State on-behalf contributions - TRS and THIS	5,643,284	-	5,643,284	-
Support services:				
Pupils	3,575,691	3,495,369	323,407	243,085
Instructional staff	196,060	191,656	17,733	13,329
General administration	510,397	474,224	43,877	7,704
School administration	267,351	261,345	24,181	18,175
Business	384,445	375,809	34,772	26,136
Operations and maintenance	559,695	547,122	50,622	38,049
Central	328,349	313,868	29,040	14,559
Community services	311,183	304,193	28,145	21,155
Interest and fiscal charges	84,122	-	-	(84,122)
<b>Total governmental activities</b>	<b>\$ 21,496,136</b>	<b>\$ 15,155,226</b>	<b>\$ 7,045,512</b>	<b>704,602</b>
General revenues:				
Investment income				<u>309,771</u>
Change in net position				1,014,373
Net position:				
July 1, 2020, as restated				<u>10,976,653</u>
June 30, 2021				<u><u>\$ 11,991,026</u></u>

See notes to basic financial statements.

**Niles Township District for Special Education #807**

**Balance Sheet  
Governmental Fund  
June 30, 2021**

	General Fund	Capital Projects Fund	Total
<b>Assets</b>			
Cash and investments	\$ 16,866,820	\$ 3,500,731	\$ 20,367,551
Receivables:			
Interest	8,513	-	8,513
Intergovernmental	197,040	-	197,040
Prepaid expenses	62,214	-	62,214
	<hr/>		
<b>Total assets</b>	<b>\$ 17,134,587</b>	<b>\$ 3,500,731</b>	<b>\$ 20,635,318</b>
<b>Liabilities</b>			
Accounts payable	\$ 23,191	\$ -	\$ 23,191
Accrued payroll deductions	(45,242)	-	(45,242)
<b>Total liabilities</b>	<b>(22,051)</b>	<b>-</b>	<b>(22,051)</b>
<hr/>			
<b>Fund balances</b>			
Nonspendable for prepaid items	62,214	-	62,214
Restricted	24,612	3,500,731	3,525,343
Committed for capital outlay	4,633,753	-	4,633,753
Unassigned	12,436,059	-	12,436,059
<b>Total fund balances</b>	<b>17,156,638</b>	<b>3,500,731</b>	<b>20,657,369</b>
<hr/>			
<b>Total liabilities and fund balances</b>	<b>\$ 17,134,587</b>	<b>\$ 3,500,731</b>	<b>\$ 20,635,318</b>
<hr/>			

See notes to basic financial statements.

**Niles Township District for Special Education #807**

**Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2021**

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Total fund balances - governmental fund	\$ 20,657,369
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.	4,367,956
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Premiums on bonds that are other financing sources in the fund financial statements are liabilities that are amortized over the life of the bonds in the government-wide financial statements	(489,853)
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Certain post-employment benefit items (pensions and OPEB) are reported in the government-wide financial statements but not in the fund financial statements. These amounts consist of:

Deferred outflows of resources related to pension expense - IMRF	588,107
Deferred outflows of resources related to pension expense - TRS	76,520
Deferred inflows of resources related to pension expense - IMRF	(855,799)
Deferred inflows of resources related to pension expense - TRS	(38,050)
Deferred outflows of resources related to OPEB expense - THIS	574,782
Deferred inflows of resources related to OPEB expense - THIS	(1,313,323)

Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. The liabilities consist of:

General obligation bonds	(3,095,000)
Net pension asset - IMRF	318,674
Collective net pension liability - TRS	(637,552)
Collective net OPEB liability - THIS	(6,567,862)
Total OPEB liability - District plan	<u>(1,594,943)</u>

Total net position - governmental activities	<u><u>\$ 11,991,026</u></u>
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See notes to basic financial statements.

**Niles Township District for Special Education #807**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
Year Ended June 30, 2021**

	General Fund	Capital Projects Fund	Total
Revenues:			
Charges for services	\$ 15,155,226	\$ -	\$ 15,155,226
Restricted state aid	3,933,484	-	3,933,484
Restricted federal aid	390,668	-	390,668
Investment income	309,771	-	309,771
<b>Total revenues</b>	<b>19,789,149</b>	<b>-</b>	<b>19,789,149</b>
Expenditures:			
Current:			
Instruction:			
Special programs	9,243,432	-	9,243,432
Other instructional programs	159,429	-	159,429
State on-behalf contributions - TRS and THIS	2,921,924	-	2,921,924
Support services:			
Pupils	3,575,691	-	3,575,691
Instructional staff	196,060	-	196,060
General administration	485,121	-	485,121
School administration	267,351	-	267,351
Business	384,445	-	384,445
Operations and maintenance	559,695	-	559,695
Central	321,081	-	321,081
Community services	311,183	-	311,183
Capital outlay	1,005,145	-	1,005,145
Debt service:			
Debt issuance costs	-	84,122	84,122
<b>Total expenditures</b>	<b>19,430,557</b>	<b>84,122</b>	<b>19,514,679</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>358,592</b>	<b>(84,122)</b>	<b>274,470</b>
Other financing sources:			
Bond proceeds	-	3,095,000	3,095,000
Bond premium	-	489,853	489,853
Total other financing sources	-	3,584,853	3,584,853
<b>Change in fund balance</b>	<b>358,592</b>	<b>3,500,731</b>	<b>3,859,323</b>
Fund balance:			
July 1, 2020, as restated	16,798,046	-	16,798,046
June 30, 2021	<b>\$ 17,156,638</b>	<b>\$ 3,500,731</b>	<b>\$ 20,657,369</b>

See notes to basic financial statements.

**Niles Township District for Special Education #807**

**Reconciliation of the Governmental Fund Statement of Revenues,  
Expenditures and Changes in Fund Balance to the Statement of Activities  
Year Ended June 30, 2021**

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Net change in fund balance - governmental fund	\$	3,859,323
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Amounts reported for governmental activities in the statement of activities are different because:

The governmental fund reports capital outlays as expenditures while the statement of activities reports depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	1,026,620	
Depreciation expense	(252,765)	
		773,855

In governmental funds, issuance of long-term debt is considered other financing sources, but in the statement of net position, debt is reported as a liability. This is the amount of proceeds received in the current period.

General obligation bonds	(3,095,000)	
Premium on bonds issued	(489,853)	
		(3,584,853)

Items related to pension expense and revenue are reported as deferred inflows and outflows on the government-wide financial statements, but not on the fund financial statements.

Deferred outflows of resources related to pension expense - IMRF	203,718	
Deferred outflows of resources related to pension expense - TRS	(2,054)	
Deferred inflows of resources related to pension expense - IMRF	(807,230)	
Deferred inflows of resources related to pension expense - TRS	19,091	
		(586,475)

Items related to OPEB expense and revenue are reported as deferred inflows and outflows on the government-wide financial statements, but not on the fund financial statements.

Deferred outflows of resources related to OPEB expense - THIS	153,702	
Deferred inflows of resources related to OPEB expense - THIS	(386,795)	
		(233,093)

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

These activities consists of changes in:

State on-behalf contribution revenue - TRS and THIS	2,721,360	
State on-behalf expense - TRS and THIS	(2,721,360)	
Net pension liability - IMRF	795,745	
Collective net pension liability - TRS	(31,436)	
Collective net OPEB liability - THIS	1,753	
		785,616

Change in net position - governmental activities	\$	<u>1,014,373</u>
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See notes to basic financial statements.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### Nature of Operations

Niles Township District for Special Education #807 (the District) operates as a special education cooperative governed by a nine-member board with representation from each of the member school districts. A significant portion of the District's revenue is charges for services derived from these member districts.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

##### Financial Reporting Entity

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

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

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

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

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

##### Government-Wide and Fund Financial Statements

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

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

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Government-Wide and Fund Financial Statements (Continued)

**Fund Financial Statements (FFS):** Separate financial statements are provided for the governmental funds. The District's major governmental fund is the General Fund. The District has no other governmental funds.

The General Fund accounts for all financial resources of the District. This fund is primarily used for the instructional and administrative aspects of the District's operations. Revenues consist largely of state and federal government aid and tuition payments from member districts.

##### Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Tuition payments from member districts are recognized when they are earned. Grants, entitlements, state-shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Certain state and federal aid, tuition and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental fund.

**Cash and investments:** State statutes authorize the District to make deposits directly or through its township trustees in interest-bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations, and credit unions.

Substantially all cash and investments held for District purposes consist of pooled cash and investments held by the Niles Township Treasurer which are reported at fair value. The District also holds cash and investments on behalf of student groups in federally insured banks.



## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Prepaid expenses:** Certain payments made to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses. The method used to report prepaid expenses is the purchase method.

**Capital assets:** Capital assets, which include land, land improvements, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition at the date of donation. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental fund.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10 - 75
Land improvements	5 - 20
Equipment	10

**Deferred inflows of resources and deferred outflows of resources:** The District reports deferred inflows of resources and deferred outflows of resources in its financial statements. Deferred inflows of resources are the acquisition of net position or fund balance that is applicable to future reporting periods. Potential grant revenue is recorded as deferred inflows of resources on the fund financial statements when it has not yet met both the “measurable” and “available” criteria for recognition in the current period. Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. The net difference between projected and actual earnings on pension and other postemployment benefits (OPEB) plan investments, changes in the proportion and differences between employer contributions and proportionate share of contributions, as well as pension and OPEB payments made subsequent to the pension and OPEB liability measurement date are reported as deferred outflows or inflows of resources on the government-wide financial statements. See Note 5 for pension related disclosures and Note 6 for OPEB related disclosures.

**Compensated absences:** Certified and noncertified employees working less than 12 months per year do not earn vacation days, however, full-time, 12-month employees earn 12 vacation days per year, which are required to be used during that school year or following summer.

All employees receive 12 sick and three personal days each year, and these sick days accumulate to no maximum. These accumulated sick days do not vest and have not been recognized as a liability as they will not be paid in cash. Certified employees may contribute days toward TRS early retirement. The District did not have any compensated absences accrued as of June 30, 2021.

**Long-term obligations:** In the government-wide financial statements, long-term obligations consist of net pension liabilities and other postemployment benefit obligations and are reported as liabilities in the statement of net position.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Postemployment benefits other than pensions (OPEB):** The District participates in two OPEB plans, the Teachers' Health Insurance Security Fund (THIS) plan provided by the State and an OPEB plan provided by the District. For purposes of measuring the District's collective OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the THIS OPEB Plan and additions to/deductions from the THIS Plan's fiduciary net position have been determined on the same basis as they are reported by the THIS Plan. For this purpose, the THIS Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### Net Position

The District's government-wide net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation.

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

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

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

#### Fund Balances

Within the governmental fund, the District's fund balance is reported in one of the following classifications:

**Nonspendable** includes amounts that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact. At June 30, 2021, the District had nonspendable fund balance amounts totaling \$62,214.

**Restricted** includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. At June 30, 2021, the District has restricted balances of \$3,525,343.

**Committed** includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Governing Board. The District passes formal resolutions to commit its fund balance. At June 30, 2021, the District has committed \$4,633,753 for future capital outlay.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Assigned** includes amounts that are constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: (a) the District's Governing Board itself; or (b) a body or official to which the Governing Board has delegated the authority to assign amounts to be used for specific purposes. The District's Governing Board has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. At June 30, 2021, the District had no assigned fund balances.

**Unassigned** includes the residual fund balance that has not been restricted, committed, or assigned within the General Fund and unassigned deficit fund balances of other governmental funds. At June 30, 2021, the District had unassigned balances of \$12,436,059.

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

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Note 2. Cash and Investments

##### a) Deposits and Cash on Hand

As of June 30, 2021, the District had deposits with financial institutions and cash on hand of \$27,112 with bank balances totaling \$26,190.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Township Trustees' deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2021, all of the District's bank balances were insured or collateralized.

##### b) Investments

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

Investment Type	Fair Value
Pooled cash and investments held by the Niles Township Trustees of Schools	<u>\$ 20,340,439</u>

The fair value of pooled cash and investments held by the Niles Township Treasurer is based on the net asset value per unit based on the fair value of the underlying securities at June 30, 2021 as determined by the Niles Township Treasurer. The fair value is derived daily based on the net asset value of the underlying securities. There are no redemption restrictions or unfunded commitments related to the District's pooled cash and investments held by the Niles Township Trustees.

Of the total pooled cash and investments held by the treasurer as of June 30, 2020, the most recent audited financial information available, maturities are approximately as follows: less than 1 year (15.6%), 1 to 5 years (5.1%), 6 to 10 years (4.5%), and greater than 10 years (74.8%).

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 2. Cash and Investments (Continued)

The pooled cash and investments holds the following investments, with percentages of the total investments held as of June 30, 2021, as follows: Federal National Mortgage Association Bonds (6.1%), Federal Home Loan Bank Bonds (3.1%), Federal Home Loan Mortgage Corporation Bonds (8.5%), Federal Farm Credit Bank (3.1%), Government National Mortgage Association Bonds (10.2%), Municipal Bonds (54.7%) and other fixed income investments (14.3%).

*Interest rate risk.* The District's investment policy does not limit its investment portfolio to specific maturities.

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

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

*Concentration of credit risk.* The District has no investment policy related to the concentration of credit risk.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Illinois School District Liquid Asset Fund Plus and Illinois Funds investments held by the Niles Township Trustees of Schools are not subject to custodial credit risk.

Information related to the interest rate risk, credit risk, concentration of credit risk and custodial risk of the Niles Township Trustees of Schools' other cash and investments can be obtained from the Niles Township Trustees of Schools at 5407 West Lincoln Avenue, Skokie, Illinois 60077, which issues a financial report that includes financial statements and required supplementary information.

The above deposits of \$27,122 and investments of \$20,340,349 are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	<u>\$ 20,367,551</u>
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**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

**Note 3. Capital Assets**

Capital asset activity for the District for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 159,845	\$ -	\$ -	\$ 159,845
Construction in progress	-	914,997	-	914,997
Total capital assets not being depreciated	159,845	914,997	-	1,074,842
Capital assets being depreciated:				
Land improvements	968,215	-	-	968,215
Buildings	4,121,674	35,009	-	4,156,683
Equipment	1,013,520	76,614	16,192	1,073,942
Total capital assets being depreciated	6,103,409	111,623	16,192	6,198,840
Less: accumulated depreciation:				
Land improvements	180,294	62,354	-	242,648
Buildings	1,693,037	133,660	-	1,826,697
Equipment	795,822	56,751	16,192	836,381
Total accumulated depreciation	2,669,153	252,765	16,192	2,905,726
Total capital assets being depreciated, net	3,434,256	(141,142)	-	3,293,114
Governmental activities Capital assets, net	<u>\$ 3,594,101</u>	<u>\$ 773,855</u>	<u>\$ -</u>	<u>\$ 4,367,956</u>

Depreciation expense was recognized in the operating activities of the District as follows:

Governmental Activities	Depreciation
Instruction	\$ 227,489
Support services	25,276
	<u>\$ 252,765</u>

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

#### Note 4. Long-Term Debt

Long-term obligations as of June 30, 2021, and a summary of activity for the year then ended are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Special education bonds	\$ -	\$ 3,095,000	\$ -	\$ 3,095,000	\$ 230,000
Premium on bonds	-	489,853	-	489,853	-
	<u>\$ -</u>	<u>\$ 3,584,853</u>	<u>\$ -</u>	<u>\$ 3,584,853</u>	<u>\$ 230,000</u>

During the year, the District issued \$3,095,000 of special education bonds Series 2021, dated March 3, 2021 for the purpose of renovating, repairing, equipping and building an addition to the Molloy Education Center. School District #67 (Golf), School District #69 (Skokie/Morton Grove), School District #70 (Morton Grove) and School District #72 (Fairview South), collectively, the "Participating Members", are paying the principal and interest on the bonds. The District will bill each Participating Member 60 days before each June 1 and December 1 payment date, beginning with the December 1, 2021 payment, their pro rata share of the principal and interest due on the bonds as set forth in Memorandum of Understanding between all of the member Districts regarding the funding of the Molloy Education Center project.

The bonds bear interest at 4%. As of June 30, 2021, the future annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest
2022	\$ 230,000	\$ 150,150
2023	270,000	109,200
2024	280,000	98,200
2025	295,000	86,700
2026	305,000	74,700
2027 - 2031	<u>1,715,000</u>	<u>176,900</u>
	<u>\$ 3,095,000</u>	<u>\$ 695,850</u>

#### Note 5. Retirement Fund Commitments

##### Teachers' Retirement System

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/sites/default/files/documents/FY20CAFR-Web.pdf>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 5. Retirement Fund Commitments (Continued)

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 annual increases will be the lesser of 3% of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the state of Illinois.

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2021 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 expenses of \$5,318,258 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$2,844,902 in the General Fund based on the current financial resources measurement basis.

**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 \$35,863 and are reported as deferred outflow of resources on the statement of net position because they were paid after the June 30, 2020 measurement date.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 5. Retirement Fund Commitments (Continued)

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

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, no salaries were paid from federal and special trust funds and there were no required employer contributions.

**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. Additionally PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary (currently \$181,600). The amount charged to the employer is the employer normal cost, or 10.41%.

For the year ended June 30, 2021, the District paid made no payments to TRS for employer contributions due on salary increases in excess of 6% or for sick leave days granted in excess of the normal annual allotment. The District paid \$5,860 for member salaries in excess of the governor's statutory salary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

District's proportionate share of the net pension liability	\$ 637,552
State's proportionate share of the net pension liability associated with the employer	<u>49,936,388</u>
	<u>\$ 50,573,940</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2020, the District's proportion was 0.00070%, which was a decrease of 0.00005% from the proportion measure as of June 30, 2019.



**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

**Note 5. Retirement Fund Commitments (Continued)**

For the year ended June 30, 2021, the employer recognized the following for pension expense/ expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contribution - Pension revenue and expense/expenditure	\$ 5,318,258	\$ 2,844,902
District pension expense/expenditure	60,893	35,863
Total pension expense/expenditure	<u>\$ 5,379,151</u>	<u>\$ 2,880,765</u>

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,179	\$ 170
Net difference between projected and actual earnings on pension plan investments	19,036	-
Changes in proportion and differences between District contributions and proportionate share of contributions	12,830	31,191
Changes of assumptions	2,612	6,689
Total deferred amounts to be recognized in pension expense in future periods	40,657	38,050
District contributions subsequent to the measurement date	35,863	-
	<u>\$ 76,520</u>	<u>\$ 38,050</u>

The District reported \$35,863 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year ended June 30:	
2022	\$ (4,012)
2023	3,678
2024	2,118
2025	1,320
2026	(497)
	<u>\$ 2,607</u>

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 5. Retirement Fund Commitments (Continued)

**Actuarial Assumptions.** The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation</b>	2.50%
<b>Salary increases</b>	Varies by amount of service credit
<b>Investment rate of return</b>	7.00%, net of pension plan investment expense, including inflation

In the June 30, 2020 and 2019 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully generational basis using projection table MP-2017 and MP-2014 for 2020 and 2019, respectively.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	16.5%	6.05%
U.S. equities small/mid cap	2.3%	7.23%
International equities developed	12.2%	701.00%
Emerging market equities	3.0%	9.38%
U.S. bonds core	7.0%	2.17%
U.S. bonds high yield	2.5%	4.09%
International debt developed	3.1%	1.52%
Emerging international debt	3.2%	4.47%
Real estate	16.0%	5.65%
Hedge funds (absolute return)	10.0%	4.32%
Infrastructure	4.0%	6.17%
Private equity	15.0%	10.53%
Private debt	5.2%	6.28%
	100.0%	

**Discount Rate.** At June 30, 2020, the discount rate used to measure the total pension liability was 7.00%, which was the same rate used at June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 5. Retirement Fund Commitments (Continued)**

Based on those assumptions, TRS’s fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1’s liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the employer’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 773,872	\$ 637,552	\$ 525,321

**Payables to TRS.** As of June 30, 2021, the District reported no payables to TRS.

**TRS Fiduciary Net Position.** Detailed information about TRS’ fiduciary net position as of June 30, 2020 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

**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 an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section below. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 5. Retirement Fund Commitments (Continued)

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms.** As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	55
Inactive Plan Members entitled to but not yet receiving benefits	162
Active Plan Members	122
	<hr/>
Total	339
	<hr/> <hr/>

**Contributions.** As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate the calendar years ended December 31, 2021 and 2020 was 8.91% and 8.07%, respectively. For the fiscal year ended June 30, 2021, the District contributed \$414,689 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Asset.** The District's net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

**Actuarial Assumptions.** The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study of the period 2017-2019.
- For **Non-disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2000.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

#### Note 5. Retirement Fund Commitments (Continued)

- For **Disabled Retirees**, the Pub 2010, amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **Long-Term Expected Rate of Return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns / Risk	
		One year Arithmetic	Ten Year Geometric
Domestic equity	37.0	6.35	5.00
International equity	18.0	7.65	6.00
Fixed income	28.0	1.40	1.30
Real estate	9.0	7.10	6.20
Alternative investments	7.0		
Private equity	-	10.35	6.95
Commodities	-	3.90	2.85
Cash equivalents	1.0	0.70	0.70
	100.0		
		%	

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

1. The long-term expected rate of return on pension plan investments (7.25%) during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
2. The tax-exempt municipal bond rate (2.00%) based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date to the extent that the contributions for use with the long-term expected rate of return are not met.

IMRF's fiduciary net position as of December 31, 2020 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients of the plan. For the purpose of the most recent valuation, the expected rate of return on plan investments is not adjusted by the municipal bond rate and the resulting single discount rate of 7.25%.

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

**Note 5. Retirement Fund Commitments (Continued)**

**Changes in the Net Pension Liability (Asset).** The following table shows the components of the District's annual pension liability (asset) and related plan fiduciary net position for the calendar year ended December 31, 2020:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at January 1, 2020	\$ 10,620,355	\$ 10,143,284	\$ 477,071
Changes for the year:			
Service Cost	453,963	-	453,963
Interest on the Total Pension Liability	774,618	-	774,618
Differences Between Expected and Actual Experience of the Total Pension Liability	130,970	-	130,970
Changes of Assumptions	(156,842)	-	(156,842)
Contributions - Employer	-	380,535	(380,535)
Contributions - Employees	-	212,195	(212,195)
Net Investment Income	-	1,374,799	(1,374,799)
Benefit Payments, including Refunds of Employee Contributions	(325,896)	(325,896)	-
Other (Net Transfer)	-	30,925	(30,925)
Net Changes	876,813	1,672,558	(795,745)
Balances at December 31, 2020	\$ 11,497,168	\$ 11,815,842	\$ (318,674)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1.0% lower or 1.0% higher:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension liability (asset)	\$ 1,291,663	\$ (318,674)	\$ (1,554,752)

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

**Note 5. Retirement Fund Commitments (Continued)**

***Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.*** For the year ended June 30, 2021, the District recognized pension expense of \$222,456. At June 30, 2021, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods		
Differences between expected and actual experience	\$ 292,211	\$ -
Changes of assumptions	37,903	113,458
Net difference between projected and actual earnings on pension plan investments	-	742,341
	<hr/>	<hr/>
Total deferred amounts to be recognized in pension expense in future periods	330,114	855,799
Pension contributions made subsequent to the measurement date	257,993	-
	<hr/>	<hr/>
Total deferred amounts related to pensions	<u>\$ 588,107</u>	<u>\$ 855,799</u>

The District reported \$257,993 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$ (50,812)
2023	(47,981)
2024	(301,167)
2025	(125,725)
	<hr/>
	<u>\$ (525,685)</u>

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 6. Post-Employment Benefit Plans Other Than Pensions

##### District plan

**Plan Description.** The District provides other postemployment health care benefits (OPEB) in the form of single coverage medical and dental insurance to eligible retired non-certified teaching assistants until Medicare eligibility is attained. The current eligibility criteria established based on a collective bargaining agreement between the District's Governing Board and the Niles Township Federation of Special Education Teacher Assistants is as follows: teaching assistants must be active in the District's hospital, major medical, and dental insurance during the year prior to retirement, have been a full-time employee of the District for at least 20 years, and be at least age 60. This plan is a single employer defined benefit plan. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB 75. The plan does not issue a separate report.

**Benefits Provided.** Non-certified teaching assistants may continue coverage into retirement on the District medical plan. No retiree contributions are required. Coverage is only offered to retirees and dependent coverage is not offered. Coverage ends upon attainment of Medicare eligibility age.

**Employees Covered by Benefit Terms.** At June 30, 2021, the following employees were covered by the benefit terms:

Active Plan Members	<u><u>84</u></u>
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**Total OPEB Liability.** The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Balances at July 1, 2020	\$ 1,614,497
Changes for the year:	
Service cost	35,087
Interest on the total OPEB liability	34,620
Changes of assumptions	6,723
Benefit payments	<u>(95,984)</u>
Balances at June 30, 2021	<u><u>\$ 1,594,943</u></u>



**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)**

**Actuarial Assumptions.** The following are the methods and assumptions used to determine total OPEB liability at June 30, 2021:

- The **Actuarial Cost Method** used was Entry Age Normal (Alternative Measurement Method).
- The **Discount Rate Used for Total OPEB Liability** and the **High Quality 20 Year Tax-Exempt G.O. Bond Rate** was assumed to be 2.16%.
- **Total Payroll Increases** was assumed to be 2.50%.
- For **Healthcare Cost Trend Rates**, actual trend rate used for fiscal year 2021. For fiscal years on and after 2022, trend starts at 6.30% for the HMO plan and 6.80% for the PPO plan, with both decreasing to an ultimate trend of 5.00% in 2031. The trend rate for dental insurance starts at 3.80% and remains constant through 2031.
- **Mortality rates** were from the RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017; age 85 for males, age 88 for females.
- **Retirement Rates** are based on rates from IMRF Experience Study dated November 8, 2017; age 60 for Tier I, age 62 for Tier II. 100% of IMRF employees are assumed to elect coverage at retirement.
- **Termination Rates** and **Disability Rates** are based on rates from IMRF Experience Study dated November 8, 2017. Termination rates are assumed to be double those of the IMRF Experience Study Report to account for actual experience.

**Change in actuarial assumption:** The High Quality 20 Year Tax-Exempt G.O. Bond Rate and resultant discount rate was changed from 2.21% to 2.16%.

**Sensitivity of the Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Single Discount Rate.** The following presents the plan’s net OPEB liability, calculated using a Single Discount Rate of 2.16%, as well as what the plan’s net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
District’s total OPEB liability	\$ 1,744,346	\$ 1,594,943	\$ 1,469,008

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)**

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate.** The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates.

	1% Decrease(a)	Healthcare Cost Trend Rates Assumption	1% Increase(b)
District's total OPEB liability	\$ 1,455,688	\$ 1,594,943	\$ 1,756,750

(a) One percentage point decrease in healthcare trend rates to 5.30% in 2020 for HMO and 5.80% for PPO plans, both decreasing to an ultimate trend rate of 4.00% in 2030.

(b) One percentage point increase in healthcare trend rates to 7.30% in 2020 for HMO and 7.80% for PPO plans, both decreasing to an ultimate trend rate of 6.00% in 2030.

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.** For the year ended June 30, 2021, the District recognized OPEB expense of \$76,430. At June 30, 2021, the District did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

**Teachers' Health Insurance Security Fund**

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

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

**Benefits Provided.** THIS provides medical, prescription, and behavioral health benefits for eligible retirees and their dependents, but it does not provide vision, dental, or life insurance benefits to annuitants of the 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 premiums charged reflect approximately a 75% subsidy for members that elect a managed care plan or elect the Teachers' Choice Health Plan (TCHP) if a managed care plan is either not available or only partially available. Members receive approximately a 50% subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

**Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)**

**Contributions.** The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2021, required contributions are as follows:

- Active members contribute 1.24% of covered payroll.
- Employers contribute 0.92% of covered payroll. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2021, the District paid \$57,145 to the THIS Fund, which was 100% of the required contribution. These contributions are deferred because they were paid after the June 30, 2020 measurement date.
- The state of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The state contributed 1.24% of covered payroll. For the year ended June 30, 2021, state of Illinois contributions on behalf of the District's employees were \$77,022 and the District recognized revenue and expenditures for this on-behalf contribution amount during the year in the General Fund.
- Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0% per year by statute. The Federal Government provides a Medicare Part D subsidy.

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

**Resources.** At June 30, 2021, the District reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for state pension support provided for the District. The state's support and total are for disclosure purposes only. The OPEB proportionate shares are as follows:

District's proportionate share of the collective net OPEB liability	\$	6,567,862
The portion of the state's proportionate share amount of the collective net OPEB liability associated with the District		8,897,664
Total THIS net collective OPEB liability associated with the District	\$	<u>15,465,526</u>

The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as June 30, 2019 and rolled forward to June 30, 2020. The District's proportionate share of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2020 relative to the contributions of all participating employers and the state during that period. At June 30, 2020, the District's proportion was 0.024566%, which was an increase of 0.000830% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized the following for OPEB expense/expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contribution - OPEB revenue and expense/expenditure	\$ 248,004	\$ 77,022
District OPEB expense/expenditure	88,471	57,145
Total OPEB expense/expenditure	<u>\$ 336,475</u>	<u>\$ 134,167</u>

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)**

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 174,501
Changes in proportion and differences between District contributions and proportionate share of contributions	515,412	55,270
Net difference between projected and actual investment earnings	-	191
Changes of assumptions	2,225	1,083,361
Total deferred amounts to be recognized in expense in future periods	517,637	1,313,323
District contributions subsequent to the measurement date	57,145	-
	<u>\$ 574,782</u>	<u>\$ 1,313,323</u>

The District reported \$57,145 as deferred outflows of resources resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the collective net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

Fiscal Year Ending June 30:

2022	\$ (156,955)
2023	(156,938)
2024	(156,901)
2025	(122,613)
2026	(74,618)
Thereafter	<u>(127,657)</u>
	<u>\$ (795,682)</u>

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020 based on the entry age normal cost method and using the following actuarial assumptions:

Discount rate	2.45% at June 30, 2020
Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2020. For fiscal years after 2021, trend starts at 8.25% for non-Medicare costs and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25% in 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Mortality	Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-2014 Disable Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

Eighty percent of future retirees that are currently active are assumed to elect healthcare coverage, with 80% electing single coverage and 20% electing two-person coverage. Seventy percent of current deferred vested participants with at least seven years of service and younger than 70 as of June 30, 2019, are assumed to elect healthcare coverage, with 80% electing single coverage and 20% electing two-person coverage. Thirty-five percent of current deferred vested participants with five to seven years of service and younger than age 70 as of June 30, 2019 are assumed to be eligible under SEDIP or TRIP before retirement and elect healthcare coverage, with 80% electing single coverage and 20% electing two-person coverage. The liability for this group is allocated equally to TRIP and SEGIP.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2018:

- The discount rate was changed from 3.13% at June 30, 2019 to 2.45% at June 30, 2020;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2019, projected plan cost for plan year end June 30, 2020, premium changes through plan year end 2021, and expectation of future trend increases after June 30, 2020;
- Since the Excise Tax was repealed, the Excise Tax trend rate adjustment was removed;
- Per capita claim costs for plan year end June 30, 2020, were updated based on projected claims and enrollment experience through June 30, 2020, and updated premium rates through plan year 2021; and
- Healthcare plan participation rates by plan were updated based on observed experience.

**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 6. Post-Employment Benefit Plans Other Than Pensions (Continued)**

**Discount Rate.** Since THIS is financed on a pay-as-you-go basis, a long-term rate of return was not used and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was Fidelity Index's 20-year municipal GO AA Index). The discount rate as of June 30, 2020 was 2.45%, which was a decrease from the June 30, 2019, rate of 3.13%. The projection of cash flows used to determine the discount rate assumed that employee, employer, and state contributions would be made at the current statutorily required rates. Based on those assumptions, THIS's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

**Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Single Discount Rate.** The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 2.45%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Employer's proportionate share of the collective net OPEB liability	\$ 7,893,640	\$ 6,567,862	\$ 5,517,512

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate.** The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037, for non-Medicare coverage and post-Medicare coverage.

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Employer's proportionate share of the collective net OPEB liability	\$ 5,282,561	\$ 6,567,862	\$ 8,305,346

(a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037, for non-Medicare and post-Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037, for non-Medicare and post-Medicare coverage.

**OPEB Plan Fiduciary Net Position.** Detailed information about the THIS plan fiduciary net position is available in the separately issued THIS financial report.

**Payable to the OPEB Plan.** The District had no outstanding amount of contributions to the THIS plan for the year ended June 30, 2021.

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 7. Risk Management

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the Educational Benefit Cooperative (EBC) for health benefit claims and the Collective Liability Insurance Company (CLIC) for workers' compensation, theft, auto, property and casualty, and general coverage. The District pays annual premiums to the pools for insurance coverage. The arrangement with the pools provides that they will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage in any of the last three fiscal years.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. Premiums have been recorded as expenditures in the General Fund. There have been no significant reductions in insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 8. Contingencies

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

#### Note 9. Pronouncements Issued But Not Yet Adopted

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the District beginning with its year ended June 30, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

## Niles Township District for Special Education #807

### Notes to Basic Financial Statements

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#### Note 9. Pronouncements Issued But Not Yet Adopted (Continued)

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

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

GASB No. 93, *Replacement of Interbank Offered Rates*, establishes how the District will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the District with its year ending June 30, 2022.

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

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

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

Management has not currently determined what impact, if any, these GASB Statements may have on its financial statements.

#### Note 10. Restatement

The beginning net position of the governmental activities and the beginning fund balance of the General Fund has been restated as of July 1, 2019 by \$1,065,171 as a result of an error related to grant revenue recognition which the District did not recognize revenue in the proper year. Additionally, the June 30, 2020 governmental activities change in net position and General Fund change in fund balance would have increased by \$1,065,171.

Additionally, as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, the District now reports certain student activity funds as part of governmental activities in the Educational Account of the General Fund. The impact of implementing this statement resulted in a restatement of beginning net position and General Fund fund balance to adjust for the addition of the student activity accounts.



**Niles Township District for Special Education #807**

**Notes to Basic Financial Statements**

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**Note 10. Restatement (Continued)**

The District's net position and fund balance as of June 30, 2020 has been restated as follows:

	Governmental Activities	General Fund
Net position/fund balance as of June 30, 2020	\$ 9,892,028	\$ 15,713,421
Correction of an error in recording receivables	1,065,171	1,065,171
Addition of student activity funds	19,454	19,454
	<hr/>	<hr/>
Net position/fund balance as restated, June 30, 2020	<u>\$ 10,976,653</u>	<u>\$ 16,798,046</u>

Effect on change in net position/fund balance for the year ended June 30, 2020:

Correction of an error in recording receivables	\$ 1,065,171	\$ 1,065,171
Addition of student activity funds	\$ 3,584	\$ 3,584
	<hr/>	<hr/>

**Required Supplementary Information**

**Niles Township District for Special Education #807**

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

<b>For the fiscal year ending*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer's proportion of the net pension liability	0.00070%	0.00075%	0.00079%
Employer's proportionate share of the net pension liability	\$ 637,552	\$ 606,116	\$ 618,211
State's proportionate share of the net pension liability associated with the employer	49,936,388	43,136,634	42,350,014
<b>Total</b>	<b>\$ 50,573,940</b>	<b>\$ 43,742,750</b>	<b>\$ 42,968,225</b>
Employer's covered-employee payroll	\$ 6,215,411	\$ 5,835,042	\$ 5,681,750
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	10.3%	10.4%	10.9%
Plan fiduciary net position as a percentage of the total pension liability	37.8%	39.6%	40.0%

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

**Schedule of Employer Contributions  
Teachers' Retirement System**

<b>For the fiscal year ending</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually-required contribution	\$ 36,026	\$ 36,049	\$ 33,843
Contributions in relation to the contractually-required contribution	35,863	36,049	33,843
Contribution deficiency	\$ 163	\$ -	\$ -
Employer's covered-employee payroll	\$ 6,211,415	\$ 6,215,411	\$ 5,835,042
Contributions as a percentage of covered-employee payroll	0.58%	0.58%	0.58%

**Notes to Schedules**

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

**Changes of Assumptions**

For the 2020 through 2016 measurement years, the assumed investment rate of return was 7.0%, including an inflation rate of 2.5% and a real rate of return of 4.5%. Salary increases were assumed to vary by service credit and were consistent in 2019 and 2020. The actuarial assumptions were based on an experience study dated September 18, 2018.

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

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.00075%	0.00077%	0.00086%	0.00081%
\$ 575,997	\$ 604,967	\$ 560,918	\$ 493,833
39,652,786	40,618,593	33,494,128	30,795,895
<u>\$ 40,228,783</u>	<u>\$ 41,223,560</u>	<u>\$ 34,055,046</u>	<u>\$ 31,289,728</u>
\$ 5,355,532	\$ 5,115,918	\$ 5,170,530	\$ 4,992,067
10.8%	11.8%	10.8%	9.9%
39.3%	36.4%	41.5%	41.5%

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 32,954	\$ 31,062	\$ 29,672	\$ 29,989
32,806	30,917	29,536	29,855
<u>\$ 148</u>	<u>\$ 145</u>	<u>\$ 136</u>	<u>\$ 134</u>
\$ 5,681,750	\$ 5,355,532	\$ 5,115,918	\$ 5,170,530
0.58%	0.58%	0.58%	0.58%

**Niles Township District for Special Education #807**

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

<b>For calendar year ended</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total Pension Liability			
Service cost	\$ 453,963	\$ 397,641	\$ 357,968
Interest on the total pension liability	774,618	683,371	616,957
Differences between expected and actual experience of the total pension liability	130,970	432,421	125,104
Changes of assumptions	(156,842)	-	308,650
Benefit payments, including refunds of employee contributions	(325,896)	(240,139)	(217,450)
Net change in total pension liability	876,813	1,273,294	1,191,229
Total pension liability - beginning	10,620,355	9,347,061	8,155,832
Total pension liability - ending	<u>\$ 11,497,168</u>	<u>\$ 10,620,355</u>	<u>\$ 9,347,061</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 380,535	\$ 287,813	\$ 339,936
Contributions - employee	212,195	192,446	169,823
Net investment income	1,374,799	1,474,373	(352,294)
Benefit payments, including refunds of employee contributions	(325,896)	(240,139)	(217,450)
Other (net transfer)	30,925	16,845	98,907
Net change in plan fiduciary net position	1,672,558	1,731,338	38,922
Plan fiduciary net position - beginning	10,143,284	8,411,946	8,373,024
Plan fiduciary net position - ending	<u>\$ 11,815,842</u>	<u>\$ 10,143,284</u>	<u>\$ 8,411,946</u>
Net pension liability (asset)	<u>\$ (318,674)</u>	<u>\$ 477,071</u>	<u>\$ 935,115</u>
Plan fiduciary net position as a percentage of the total pension liability	102.77%	95.51%	90.00%
Covered valuation payroll	\$ 4,715,428	\$ 4,276,572	\$ 3,772,878
Net pension liability as a percentage of covered valuation payroll	(6.76)%	11.16%	24.79%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

	2017	2016	2015	2014
	\$ 339,652	\$ 297,697	\$ 298,820	\$ 301,333
	584,092	528,907	486,502	422,330
	(33,289)	105,562	(60,046)	(1,080)
	(232,372)	-	-	257,470
	(240,637)	(194,048)	(124,586)	(121,749)
	417,446	738,118	600,690	858,304
	7,738,386	7,000,268	6,399,578	5,541,274
	<u>\$ 8,155,832</u>	<u>\$ 7,738,386</u>	<u>\$ 7,000,268</u>	<u>\$ 6,399,578</u>
	\$ 335,341	\$ 302,612	\$ 299,203	\$ 274,179
	151,509	133,506	121,149	120,904
	1,155,651	437,614	31,732	348,465
	(240,637)	(194,048)	(124,586)	(121,749)
	(54,223)	64,143	(244,388)	768
	1,347,641	743,827	83,110	622,567
	7,025,383	6,281,556	6,198,446	5,575,879
	<u>\$ 8,373,024</u>	<u>\$ 7,025,383</u>	<u>\$ 6,281,556</u>	<u>\$ 6,198,446</u>
	<u>\$ (217,192)</u>	<u>\$ 713,003</u>	<u>\$ 718,712</u>	<u>\$ 201,132</u>
	102.66%	90.79%	89.73%	96.86%
	\$ 3,366,872	\$ 2,935,130	\$ 2,645,547	\$ 2,641,418
	(6.45)%	24.29%	27.17%	7.61%

**Niles Township District for Special Education #807**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Most Recent Calendar Year**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2020	\$ 380,535	\$ 380,535	\$ -	\$ 4,715,428	8.07%
2019	287,813	287,813	-	4,276,572	6.73%
2018	339,936	339,936	-	3,772,878	9.01%
2017	335,340	335,341	(1)	3,366,872	9.96%
2016	302,612	302,612	-	2,935,130	10.31%
2015	267,200	299,203	(32,003)	2,645,547	11.31%
2014	272,449	274,179	(1,730)	2,624,753	10.45%

**Notes to Schedule:**

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate\*

**Valuation Date:**

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

**Methods and Assumptions Used to Determine 2020 Contribution Rates:**

Actuarial Cost Method: Aggregate entry age normal  
 Amortization Method: Level percentage of payroll, closed  
 Remaining Amortization Period: 23-year closed period  
 Asset Valuation Method: 5-year smoothed market; 20% corridor  
 Wage Growth: 3.25%  
 Price Inflation: 2.50%  
 Salary Increases: 3.35% to 14.25%, including inflation  
 Investment Rate of Return: 7.25%  
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.  
 Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Niles Township District for Special Education #807**

**Schedule of Changes in the Total OPEB Liability and Related Ratios  
District OPEB Plan**

<b>For fiscal year ended</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB Liability				
Service cost	\$ 35,087	\$ 124,363	\$ 120,987	\$ 104,727
Interest on the total pension liability	34,620	15,168	11,918	12,852
Changes of benefit terms	-	99,176	-	-
Differences between expected and actual experience of the total OPEB liability	-	(104,222)	-	20,868
Changes of assumptions	6,723	1,032,330	10,993	(32,903)
Benefit payments, including refunds of employee contributions	(95,984)	(95,984)	-	-
Other (net transfer)	-	-	(154)	(136,906)
Net change in total pension liability	(19,554)	1,070,831	143,744	(31,362)
Total OPEB liability - beginning	1,614,497	543,666	399,922	431,284
Total OPEB liability - ending	<u>\$ 1,594,943</u>	<u>\$ 1,614,497</u>	<u>\$ 543,666</u>	<u>\$ 399,922</u>
Covered valuation payroll	\$ 2,080,828	\$ 1,933,390	\$ 1,031,603	\$ 1,031,603
Total OPEB liability as a percentage of covered valuation payroll	76.65%	83.51%	52.70%	38.77%

**Notes to Schedule:**

Changes of benefit assumptions. Changes of assumptions reflect the effects of changes in the discount rate. The following are the discount rates used in each period:

- 2021 - 2.16%
- 2020 - 2.21%
- 2019 - 2.79%
- 2018 - 2.98%
- 2017 - 3.13%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.



**Niles Township District for Special Education #807**

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

<b>For the fiscal year ending*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's proportion of the collective net OPEB liability	0.024566%	0.023736%	0.023968%	0.023282%
Employer's proportionate share of the collective net OPEB liability	\$ 6,567,862	\$ 6,569,615	\$ 6,314,694	\$ 6,041,531
The portion of the state's proportionate share amount of the collective net OPEB liability associated with the employer	8,897,664	8,895,968	8,479,108	7,933,951
<b>Total</b>	<b>\$ 15,465,526</b>	<b>\$ 15,465,583</b>	<b>\$ 14,793,802</b>	<b>\$ 13,975,482</b>
Employee covered payroll	\$ 6,215,411	\$ 5,835,042	\$ 5,681,750	\$ 5,355,532
Collective net OPEB liability as a percentage of the covered payroll	105.7%	112.6%	111.1%	112.8%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%	0.0%

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

**Notes to Schedule**

The following actuarial assumptions were changed for:	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Discount rate	2.45%	3.13%	3.62%	3.56%
Prior year discount rate	3.13%	3.62%	3.56%	N/A
The healthcare trend assumption was updated based on:				
Claim and enrollment experience through:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Projected plan cost for plan year end: 2020, and expectation of	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Premium changes through plan year-end:	2021	2020	2019	2018
Expectation of future trend increases after:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
The Excise trend rate adjustment was updated based on available premium and enrollment information as of:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Per capita claim costs for the year were updated based on				
Projected claims and enrollment experience through:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Updated premium rates through plan year:	2021	2020	2019	2018
Healthcare plan participation rates by plan were updated based on observed experience for each year.				

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

**Niles Township District for Special Education #807**

**Schedule of Employer Contributions  
Teachers' Health Insurance Security Fund**

<b>For the fiscal year ending</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily-required contribution	\$ 57,145	\$ 57,182	\$ 53,682	\$ 49,999
Contributions in relation to the statutorily-required contribution	57,145	57,182	53,682	49,999
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's employee covered payroll	\$ 6,211,415	\$ 6,215,411	\$ 5,835,042	\$ 5,681,750
Contributions as a percentage of employee covered payroll	0.92%	0.92%	0.92%	0.88%

**Notes to Schedule**

Contributions for TRIP are defined by State statute and Actuarially Determined Contributions are not developed.

Benefits are financed on a pay-as-you-go basis, based on contribution rates defined by statute. The goal of the policy is to finance current year cost plus a margin for incurred but not paid plan costs.

The following are the contribution rates for covered payroll:

Active members	1.24%	1.24%	1.24%	1.12%
Employers	0.92%	0.92%	0.92%	0.88%
State of Illinois	1.24%	1.24%	1.24%	1.12%

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

**Niles Township District for Special Education #807**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
General Fund - Budgetary Basis  
Year Ended June 30, 2021**

	Final Budget	Actual	Variance
<b>Revenues:</b>			
Charges for services:			
Member districts		\$ 12,416,691	
Non-member districts		2,935,535	
Less member district credits		(197,000)	
Net charges for services	\$ 12,043,902	15,155,226	\$ 3,111,324
Restricted state aid	968,000	1,011,560	43,560
Restricted federal aid	3,407,316	390,668	(3,016,648)
Investment income	180,000	309,771	129,771
<b>Total revenues</b>	<b>16,599,218</b>	<b>16,867,225</b>	<b>268,007</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Special programs	9,178,719	9,243,432	(64,713)
Other instructional programs	338,000	159,429	178,571
Support services:			
Pupils	4,097,025	3,575,691	521,334
Instructional staff	237,855	196,060	41,795
General administration	491,303	485,121	6,182
School administration	230,048	267,351	(37,303)
Business	325,993	384,445	(58,452)
Operations and maintenance	594,200	559,695	34,505
Central	387,449	321,081	66,368
Community services	153,698	311,183	(157,485)
Capital outlay	346,300	1,005,145	(658,845)
Payments to other governments	218,628	-	218,628
<b>Total expenditures</b>	<b>16,599,218</b>	<b>16,508,633</b>	<b>90,585</b>
<b>Change in fund balance</b>	<b>\$ -</b>	<b>\$ 358,592</b>	<b>\$ 358,592</b>

**Niles Township District for Special Education #807**

**Note to Required Supplementary Information**

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**Note 1. Budgetary Information**

Annual budgets are adopted for the District's General Fund. The annual budgets are adopted on the modified accrual basis of accounting, as described in Note 1 of the financial statements.

On or before July 1 of each year, the Superintendent is to submit for review by the Governing Board a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Governing Board holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and function. The Governing Board may make transfers between functions within a fund not exceeding in the aggregate 10% of the total of each fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

For budgetary purposes, the District does not recognize as revenues received the retirement contributions made by the state to the Teachers' Retirement System of the State of Illinois (TRS) and the Teachers' Health Insurance Security Fund (THIS) on behalf of the District as well as the related expenditures paid.

The following schedule reconciles the revenues and expenditures on the budgetary basis with the amounts presented in accordance with accounting principles generally accepted in the United States of America for the District's General Fund:

Revenues received - budgetary basis	\$ 16,867,225
Unbudgeted retirement contributions made by the state	<u>2,921,924</u>
Revenues received - GAAP basis	<u>\$ 19,789,149</u>
Expenditures paid - budgetary basis	\$ 16,508,633
Unbudgeted retirement contributions made by the state	<u>2,921,924</u>
Expenditures paid - GAAP basis	<u>\$ 19,430,557</u>

**Supplementary Information**

**Niles Township District for Special Education #807**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
By Account - Budgetary Basis  
Year Ended June 30, 2021**

	General Account	Student Activity Funds	Medicaid Account	Operations and Maintenance	Total
<b>Revenues:</b>					
Charges for services	\$ 15,267,506	\$ 27,242	\$ 57,478	\$ -	\$ 15,352,226
Less member district credits	(197,000)	-	-	-	(197,000)
Net charges for services	15,070,506	27,242	57,478	-	15,155,226
Restricted state aid	961,560	-	-	50,000	1,011,560
Restricted federal aid	207,829	-	182,839	-	390,668
Investment income	309,771	-	-	-	309,771
<b>Total revenues</b>	<b>16,549,666</b>	<b>27,242</b>	<b>240,317</b>	<b>50,000</b>	<b>16,867,225</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Special programs	9,215,267	22,084	6,081	-	9,243,432
Other instructional programs	159,429	-	-	-	159,429
<b>Support services:</b>					
Pupils	3,575,691	-	-	-	3,575,691
Instructional staff	196,060	-	-	-	196,060
General administration	485,121	-	-	-	485,121
School administration	264,556	-	2,795	-	267,351
Business	384,445	-	-	-	384,445
Operations and maintenance	559,695	-	-	-	559,695
Central	310,404	-	10,677	-	321,081
Community services	311,183	-	-	-	311,183
Capital outlay	88,198	-	700	916,247	1,005,145
<b>Total expenditures</b>	<b>15,550,049</b>	<b>22,084</b>	<b>20,253</b>	<b>916,247</b>	<b>16,508,633</b>
Excess (deficiency) of revenues over (under) expenditures	999,617	5,158	220,064	(866,247)	358,592
<b>Other financing sources (uses):</b>					
Transfers in	200,000	-	-	1,200,000	1,400,000
Transfers (out)	(1,200,000)	-	(200,000)	-	(1,400,000)
<b>Total other financing sources (uses)</b>	<b>(1,000,000)</b>	<b>-</b>	<b>(200,000)</b>	<b>1,200,000</b>	<b>-</b>
<b>Changes in fund balance</b>	<b>(383)</b>	<b>5,158</b>	<b>20,064</b>	<b>333,753</b>	<b>358,592</b>
<b>Fund balance:</b>					
July 1, 2020, as restated	7,160,010	19,454	5,318,582	4,300,000	16,798,046
June 30, 2021	\$ 7,159,627	\$ 24,612	\$ 5,338,646	\$ 4,633,753	\$ 17,156,638