

NILES TOWNSHIP DISTRICT FOR
SPECIAL EDUCATION #807

ANNUAL FINANCIAL REPORT



NTDSE
Empowering All To Achieve

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of District's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

January 20, 2023

Governing Board
Niles Township District for Special Education #807
Morton Grove, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles Township District for Special Education #807 (the District), Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles Township District for Special Education #807, Illinois, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, GASB-required pension, and other post-employment benefit (OPEB) reporting, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Niles Township District for Special Education #807, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Management's Discussion and Analysis

June 30, 2022

The discussion and analysis of Niles Township District for Special Education #807 (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2022. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

FINANCIAL HIGHLIGHTS

- In total, Government-wide net position increased by \$7,460,215, due to an increase in charges for services and operating grants and contributions.
- Program specific revenues in the form of charges for services and fees and grants accounted for \$26,496,005, an increase of \$5,286,827 from FY21.
- The District had \$20,626,674 in expenses related to government activities, a decrease of \$869,462 from FY21.
- Revenues for fiscal year 2022 (FY22), as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$28,086,889, inclusive of on-behalf payments to the Teacher's Retirement System (TRS) and Teacher's Health Insurance Security Trust (THIS). Expenditures for FY22 were \$30,809,419, also inclusive of State of Illinois payments to TRS and THIS.
- TRS and THIS receive on-behalf pension and post-retirement health insurance programs from the State of Illinois for the District certified staff. In 2022, \$3,310,230 was included in the total revenues and expenditures of the District representing the State of Illinois contributions.
- Actual revenues received in FY22 for the General Fund, exclusive of the State of Illinois on-behalf payment to the Teachers Retirement System, was \$19,897,061. Actual expenditures exclusive of on-behalf contributions were \$17,764,077 in FY22.
- Beginning fund balance was restated to close the Student Activities Account - General Fund into the General Account - General Fund Additionally, beginning net position was restated due to an error in prior year capital assets.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

Management's Discussion and Analysis

June 30, 2022

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds

Governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains three individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Additionally, the District maintains one nonmajor fund.

The District adopts an annual appropriated budget for all of the governmental funds, except for the Debt Service Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Management's Discussion and Analysis

June 30, 2022

USING THIS ANNUAL REPORT - Continued

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's Post-Retirement Health Plan, Teacher's Health Insurance Security Fund, Teacher's Retirement and I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, liabilities/deferred inflows exceeded assets/deferred outflows by \$19,069,744.

| | Net Position | |
|------------------------------------|---------------|------------|
| | 2022 | 2021 |
| Current and Other Assets | \$ 21,507,361 | 20,953,992 |
| Capital Assets | 13,249,459 | 4,367,956 |
| Total Assets | 34,756,820 | 25,321,948 |
| Deferred Outflows | 918,443 | 1,239,409 |
| Total Assets/Deferred Outflows | 35,675,263 | 26,561,357 |
| Long-Term Debt | 10,514,572 | 12,385,210 |
| Other Liabilities | 2,144,590 | (22,051) |
| Total Liabilities | 12,659,162 | 12,363,159 |
| Deferred Inflows | 3,946,357 | 2,207,172 |
| Total Liabilities/Deferred Inflows | 16,605,519 | 14,570,331 |
| Net Position | | |
| Net Investment in Capital Assets | 9,943,591 | 4,367,956 |
| Restricted | 9,448,217 | 3,500,731 |
| Unrestricted (Deficit) | (322,064) | 4,122,339 |
| Total Net Position | 19,069,744 | 11,991,026 |

A large portion of the District's net position, \$9,943,591, reflects its net investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$9,448,217, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of \$322,064, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Management's Discussion and Analysis

June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

| | Change in Net Position | |
|--------------------------------------|--------------------------|--------------------------|
| | 2022 | 2021 |
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$ 17,677,313 | 15,155,226 |
| Operating Grants/Contrib. | 8,818,692 | 6,053,952 |
| General Revenues | | |
| Evidence Based Funding | 928,138 | 991,560 |
| Earnings on Investments | 407,678 | 309,771 |
| Other Revenues | 255,068 | — |
| Total Revenues | <u>28,086,889</u> | <u>22,510,509</u> |
| Expenses | | |
| Instruction | 10,664,867 | 9,635,559 |
| Support Services | 6,315,580 | 5,821,988 |
| Community Services | 235,519 | 311,183 |
| State Retirement Contributions | 3,310,230 | 5,643,284 |
| Interest on Long-Term Debt | 100,478 | 84,122 |
| Total Expenses | <u>20,626,674</u> | <u>21,496,136</u> |
| Change in Net Position | 7,460,215 | 1,014,373 |
| Net Position - Beginning as Restated | <u>11,609,529</u> | <u>10,976,653</u> |
| Net Position - Ending | <u><u>19,069,744</u></u> | <u><u>11,991,026</u></u> |

Net position of the District's governmental activities increased by 64.3 percent (\$11,609,529 in 2021 compared to a restated \$19,069,744 in 2022). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled a deficit of \$322,064 at June 30, 2022.

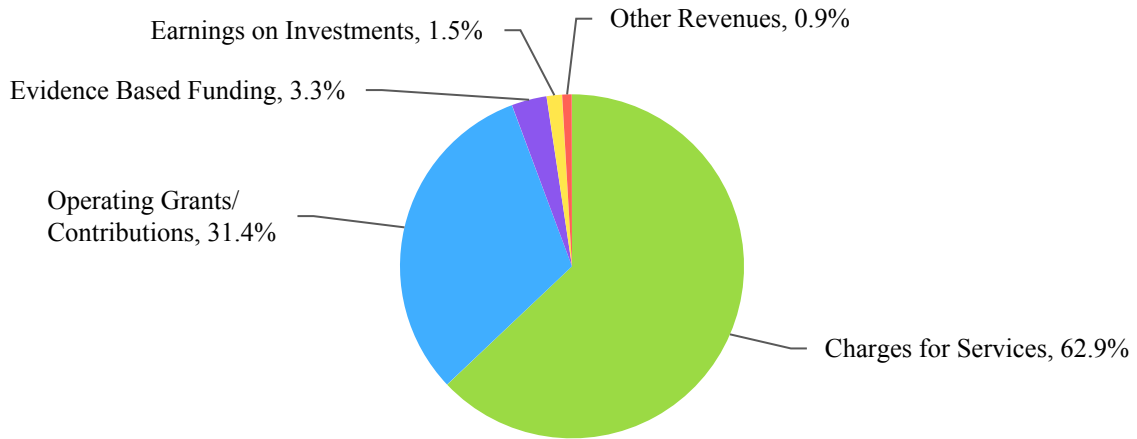
Revenues for governmental activities totaled \$28,086,889, while the cost of all governmental functions totaled \$20,626,674. This results in a surplus of \$7,460,215. In 2021, revenues of \$22,510,509 exceeded expenses of \$21,496,136, resulting in a surplus of \$1,014,373. The surplus in FY22 resulted from increases in charges for services and operating grants and contributions.

Management's Discussion and Analysis

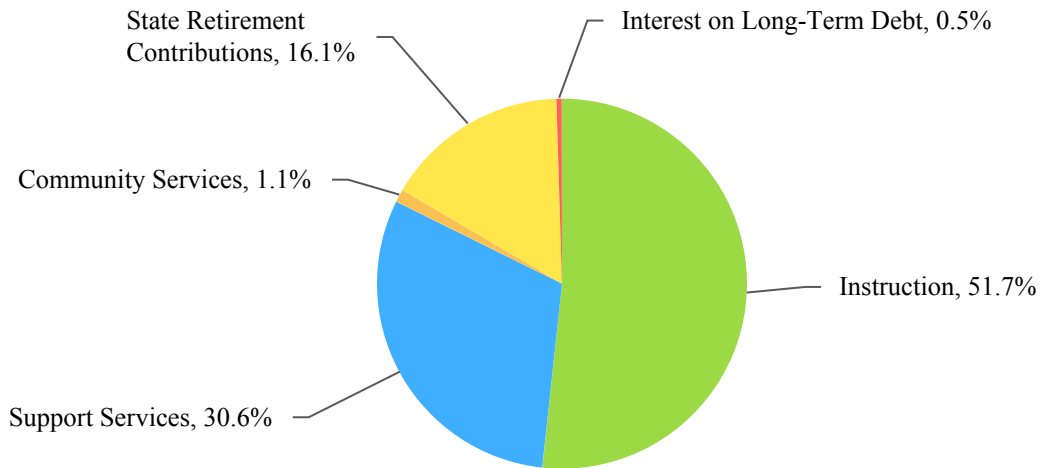
June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Revenues by Source



Expenses by Source



Management's Discussion and Analysis

June 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District's governmental funds reported combined ending fund balances of \$17,934,839, which is \$2,722,530, or 13.2%, lower than last year's total of \$20,657,369. Of the \$17,934,839 total, \$8,486,622, or 47.3%, of the fund balance constitutes unassigned fund balance.

Actual revenues, excluding on-behalf payments, for FY22 were \$24,776,659. Actual expenditures, excluding on-behalf payments, totaled \$27,499,189. The remainder of revenues came from other local, state, and federal grant sources.

The General Fund decreased \$5,200,769 for an ending fund balance of \$11,955,869. This was due to transfers out of \$7,333,753 to the Capital Projects Fund.

The Capital Projects Fund increased \$2,478,239 for an ending fund balance of \$5,978,970. This was due to increased revenues from local sources as well as transfers in from the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the District's largest budgeted fund and consists of the General, Medicaid, and Operations and Maintenance Accounts. The General Fund's actual revenues, exclusive of on behalf payments, of \$19,897,061 were higher than budgeted revenues, exclusive of on behalf payments, by \$2,535,004. Actual expenditures, exclusive of on behalf payments, of \$17,764,077, were lower than budgeted expenditures, exclusive of on behalf payments, of \$18,983,559 by \$1,219,482.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Management's Discussion and Analysis

June 30, 2022

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2022 was \$13,249,459 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, and equipment.

| | Capital Assets - Net of Depreciation | |
|--------------------------|---|------------------|
| | 2022 | 2021 |
| Land | \$ 159,845 | 159,845 |
| Construction in Progress | 10,270,646 | 914,997 |
| Land Improvements | 1,016,043 | 1,112,737 |
| Buildings | 1,306,714 | 1,397,028 |
| Equipment | 496,211 | 401,852 |
| Total | <u>13,249,459</u> | <u>3,986,459</u> |

This year's major additions included:

| | |
|--------------------------|------------------|
| Construction in Progress | \$ 9,355,649 |
| Equipment | <u>167,706</u> |
| | <u>9,523,355</u> |

Additional information on the District's capital assets can be found in Note 3 of this report.

DEBT ADMINISTRATION

The District decreased total outstanding debt by \$278,985 during the fiscal year. At year end, total outstanding debt amounts to \$3,305,868.

| | Long-Term Debt Outstanding | |
|-------------------------|----------------------------|------------------|
| | 2022 | 2021 |
| Special Education Bonds | \$ 2,865,000 | 3,095,000 |
| Unamortized Premium | <u>440,868</u> | <u>489,853</u> |
| | <u>3,305,868</u> | <u>3,584,853</u> |

Additional information on the District's long-term debt can be found in Note 3 of this report.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Management's Discussion and Analysis

June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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 reimbursements 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.
- Ongoing capital improvement costs incurred for the renovation of the Molloy Education Center must be continually monitored through the end of the construction process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Niles Township District for Special Education #807, 8701 Menard Avenue, Morton Grove, Illinois 60053.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Statement of Net Position

June 30, 2022

See Following Page

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Statement of Net Position

June 30, 2022

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 19,906,605 |
| Receivables - Net of Allowances | |
| Intergovernmental | 172,824 |
| Total Current Assets | <u>20,079,429</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Nondepreciable | 10,430,491 |
| Depreciable | 5,929,902 |
| Accumulated Depreciation | <u>(3,110,934)</u> |
| Total Capital Assets | 13,249,459 |
| Other Assets | |
| Net Pension Asset - IMRF | <u>1,427,932</u> |
| Total Noncurrent Assets | <u>14,677,391</u> |
| Total Assets | <u>34,756,820</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Items - THIS | 458,217 |
| Deferred Items - TRS | 51,086 |
| Deferred Items - IMRF | <u>409,140</u> |
| Total Deferred Outflows of Resources | <u>918,443</u> |
| Total Assets and Deferred Outflows of Resources | <u>35,675,263</u> |

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

| | Governmental Activities |
|---|----------------------------|
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 1,439,914 |
| Accrued Payroll | (54,158) |
| Other Payables | 758,834 |
| Special Education Bonds - Net | 318,985 |
| Total Current Liabilities | <u>2,463,575</u> |
| Noncurrent Liabilities | |
| Total OPEB Liability - RHP | 1,390,900 |
| Total OPEB Liability - THIS | 5,277,539 |
| Net Pension Liability - TRS | 540,265 |
| Special Education Bonds - Net | 2,986,883 |
| Total Noncurrent Liabilities | <u>10,195,587</u> |
| Total Liabilities | <u>12,659,162</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Items - THIS | 2,448,026 |
| Deferred Items - TRS | 92,857 |
| Deferred Items - IMRF | 1,405,474 |
| Total Deferred Inflows of Resources | <u>3,946,357</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>16,605,519</u> |
| NET POSITION | |
| Investment in Capital Assets | 9,943,591 |
| Restricted | |
| Student Activities | 25,518 |
| Medicaid | 3,443,729 |
| Capital Outlay | 5,978,970 |
| Unrestricted (Deficit) | <u>(322,064)</u> |
| Total Net Position | <u>19,069,744</u> |

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Statement of Activities

For the Fiscal Year Ended June 30, 2022

| | Expenses | Program Revenues | | (Expenses)/ |
|--------------------------------------|-------------------|----------------------------|---------------------------------------|--|
| | | Charges for Services | Operating Grants/ Contributions | Revenues Governmental Activities |
| Governmental Activities | | | | |
| Instruction | \$ 10,664,867 | 17,666,412 | 296,656 | 7,298,201 |
| Support Services | 6,315,580 | 10,901 | 5,211,806 | (1,092,873) |
| Community Services | 235,519 | — | — | (235,519) |
| State Retirement Contributions | 3,310,230 | — | 3,310,230 | — |
| Interest on Long-Term Debt | 100,478 | — | — | (100,478) |
| Total Governmental Activities | 20,626,674 | 17,677,313 | 8,818,692 | 5,869,331 |
| General Revenues | | | | |
| Evidence Based Funding | | | | 928,138 |
| Earnings on Investments | | | | 407,678 |
| Other Revenues | | | | 255,068 |
| | | | | <u>1,590,884</u> |
| Change in Net Position | | | | 7,460,215 |
| Net Position - Beginning as Restated | | | | <u>11,609,529</u> |
| Net Position - Ending | | | | <u><u>19,069,744</u></u> |

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Balance Sheet - Governmental Fund

June 30, 2022

| | General | Capital Projects | Nonmajor Debt Service | Totals |
|-------------------------------------|---------------|---------------------|-----------------------------|------------|
| ASSETS | | | | |
| Cash and Investments | \$ 11,769,530 | 8,137,075 | — | 19,906,605 |
| Receivables - Net of Allowances | | | | |
| Intergovernmental | 172,824 | — | — | 172,824 |
| Total Assets | 11,942,354 | 8,137,075 | — | 20,079,429 |
| LIABILITIES | | | | |
| Accounts Payable | 40,643 | 1,399,271 | — | 1,439,914 |
| Accrued Payroll | (54,158) | — | — | (54,158) |
| Other Payables | — | 758,834 | — | 758,834 |
| Total Liabilities | (13,515) | 2,158,105 | — | 2,144,590 |
| FUND BALANCES | | | | |
| Restricted | 3,469,247 | 5,978,970 | — | 9,448,217 |
| Unassigned | 8,486,622 | — | — | 8,486,622 |
| Total Fund Balances | 11,955,869 | 5,978,970 | — | 17,934,839 |
| Total Liabilities and Fund Balances | 11,942,354 | 8,137,075 | — | 20,079,429 |

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

June 30, 2022

| | |
|--|-------------------|
| Total Governmental Fund Balances | \$ 17,934,839 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | |
| Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds. | 13,249,459 |
| A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. | |
| Net Pension Asset - IMRF | 1,427,932 |
| Deferred Outflows/Inflows of Resources related to the retirement plans not reported in the funds. | |
| Deferred Items - THIS | (1,989,809) |
| Deferred Items - TRS | (41,771) |
| Deferred Items - IMRF | (996,334) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | |
| Total OPEB Liability - RHP | (1,390,900) |
| Total OPEB Liability - THIS | (5,277,539) |
| Net Pension Liability - TRS | (540,265) |
| Special Education Bonds | (2,865,000) |
| Unamortized Bond Premium | (440,868) |
| Net Position of Governmental Activities | <u>19,069,744</u> |

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund
For the Fiscal Year Ended June 30, 2022**

| | General | Capital Projects | Nonmajor Debt Service | Totals |
|--|--------------------|---------------------|-----------------------------|--------------------|
| Revenues | | | | |
| Local Sources | | | | |
| Tuition | \$ 17,666,412 | — | — | 17,666,412 |
| Earnings on Investments | 407,678 | — | — | 407,678 |
| School Activity Income | 10,901 | — | — | 10,901 |
| Other Revenue from Local Sources | 160,921 | 4,500,135 | 379,463 | 5,040,519 |
| State Sources | 1,066,832 | — | — | 1,066,832 |
| Federal Sources | 584,317 | — | — | 584,317 |
| On-Behalf Payments | 3,310,230 | — | — | 3,310,230 |
| Total Revenues | <u>23,207,291</u> | <u>4,500,135</u> | <u>379,463</u> | <u>28,086,889</u> |
| Expenditures | | | | |
| Instruction | 11,214,127 | — | — | 11,214,127 |
| Support Services | 6,314,431 | 9,355,649 | — | 15,670,080 |
| Community Services | 235,519 | — | — | 235,519 |
| On-Behalf Payments | 3,310,230 | — | — | 3,310,230 |
| Debt Service | | | | |
| Principal Retirement | — | — | 230,000 | 230,000 |
| Interest and Fiscal Charges | — | — | 149,463 | 149,463 |
| Total Expenditures | <u>21,074,307</u> | <u>9,355,649</u> | <u>379,463</u> | <u>30,809,419</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,132,984</u> | <u>(4,855,514)</u> | <u>—</u> | <u>(2,722,530)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | — | 7,333,753 | — | 7,333,753 |
| Transfers Out | (7,333,753) | — | — | (7,333,753) |
| | <u>(7,333,753)</u> | <u>7,333,753</u> | <u>—</u> | <u>—</u> |
| Net Change in Fund Balances | (5,200,769) | 2,478,239 | — | (2,722,530) |
| Fund Balances - Beginning | <u>17,156,638</u> | <u>3,500,731</u> | <u>—</u> | <u>20,657,369</u> |
| Fund Balances - Ending | <u>11,955,869</u> | <u>5,978,970</u> | <u>—</u> | <u>17,934,839</u> |

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (2,722,530)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|----------------------|-----------|
| Capital Outlays | 9,523,355 |
| Depreciation Expense | (260,355) |

A change to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.

| | |
|------------------------------------|-----------|
| Change in Net Pension Asset - IMRF | 1,109,258 |
|------------------------------------|-----------|

The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.

| | |
|---------------------------------|-------------|
| Change in Deferred Items - THIS | (1,251,268) |
| Change in Deferred Items - TRS | (80,241) |
| Change in Deferred Items - IMRF | (728,642) |

The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

| | |
|--|-----------|
| Changes in Total OPEB Liability - RHP | 204,043 |
| Changes in Total OPEB Liability - THIS | 1,290,323 |
| Changes in Net Pension Liability - TRS | 97,287 |
| Retirement of Long-Term Debt | 230,000 |
| Amortization of Bond Premium | 48,985 |

Changes in Net Position of Governmental Activities 7,460,215

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Niles Township District for Special Education #807 (“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 Districts 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 local governmental units of this type. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the District.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34” and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District’s operating activities are all considered governmental activities, that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District’s net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions (instruction, support services, community services, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property and personal property replacement taxes, interest income, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District’s net position resulting from the current year’s activities.

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of tuition and services payments from member districts and state government grants and aid. The General Fund is a major fund and is comprised of three subfunds, the General Account, Medicaid Account, and the Operations and Maintenance Account. At the end of the fiscal year, the Student Activities account was closed into the General Account.

Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund is used to account for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus is used.

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objective of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, District considers all revenues available if they are collected within 60 days after year-end, except for state aid. State aid payments received after 60 days are being considered as available as historically, state aid collected within 60 days has represented all state aid expected to be collected. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers’ Retirement System) have been recognized in the financial statements. Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are 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 unearned revenues until earned.

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical costs based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

| | |
|-------------------|---------------|
| Land Improvements | 5 - 20 Years |
| Buildings | 10 - 75 Years |
| Equipment | 10 Years |

Compensated Absences

Certified and non-certified 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 of 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, 2022.

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets for all Governmental Funds, except the Debt Service Fund, are adopted on a modified accrual basis by the Governing Board. The Governing Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Administration submits to the Governing Board a proposed operating budget for the fiscal year commencing July 1. 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.
- Formal 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.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

The following fund had an excess of actual expenditures over budget as of the date of this report:

| Fund | Excess |
|------------------|--------------|
| Capital Projects | \$ 3,355,649 |

DEPOSITS AND INVESTMENTS UNDER THE CUSTODY OF THE TOWNSHIP TREASURER

Under the Illinois Compiled Statutes, the Niles Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the Township. The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS

**DEPOSITS AND INVESTMENTS UNDER THE CUSTODY OF THE TOWNSHIP TREASURER -
Continued**

Cash and investments, other than the student activity and convenience accounts, petty cash, and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balances by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Debt Service Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Niles Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates as a non-rated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's Office.

The weighted average maturity of all marketable pooled investments held by the Treasurer was 6.64 years at June 30, 2022. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2022, the fair value of all investments held by the Treasurer's Office was \$387,734,364 and the fair value of the District's proportionate share of the pool was \$19,877,010.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

DEPOSITS AND INVESTMENTS IN THE CUSTODY OF THE DISTRICT

Deposits of the imprest fund, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

| | Carrying Value | Bank Balance |
|--------------------------------------|-------------------|-----------------|
| Deposits with Financial Institutions | \$ 27,095 | 27,125 |

The District maintains \$2,500 in petty cash.

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS IN THE CUSTODY OF THE DISTRICT - Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District investment policy does not limit its investment portfolio to specific maturities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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 asset exceeding \$500,000,000.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s investment policy does not address custodial credit risk for deposits. As of June 30, 2022, the entire bank balance of District’s deposits with financial institutions was insured through FDIC insurance.

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. The District’s investment policy does not address custodial credit risk for investments. At year end, the District investments held by the Niles Township Trustees of Schools are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. The District’s investment policy places no limit on the amount the District may invest any one issuer. At year-end, the District has no investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

| Transfer In | Transfer Out | Amount |
|------------------|--|-------------------------|
| Capital Projects | Medicaid Account - General | \$ 2,700,000 |
| Capital Projects | Operations and Maintenance Account - General | <u>4,633,753</u> |
| | | <u><u>7,333,753</u></u> |

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

| | Beginning Balances as Restated | Increases | Decreases | Ending Balances |
|---|--------------------------------------|------------------|-----------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 159,845 | — | — | 159,845 |
| Construction in Progress | 914,997 | 9,355,649 | — | 10,270,646 |
| | <u>1,074,842</u> | <u>9,355,649</u> | <u>—</u> | <u>10,430,491</u> |
| Depreciable Capital Assets | | | | |
| Land Improvements | 1,491,742 | — | — | 1,491,742 |
| Buildings | 3,364,005 | — | — | 3,364,005 |
| Equipment | 906,449 | 167,706 | — | 1,074,155 |
| | <u>5,762,196</u> | <u>167,706</u> | <u>—</u> | <u>5,929,902</u> |
| Less Accumulated Depreciation | | | | |
| Land Improvements | 379,005 | 96,694 | — | 475,699 |
| Buildings | 1,966,977 | 90,314 | — | 2,057,291 |
| Equipment | 504,597 | 73,347 | — | 577,944 |
| | <u>2,850,579</u> | <u>260,355</u> | <u>—</u> | <u>3,110,934</u> |
| Total Net Depreciable Capital Assets | <u>2,911,617</u> | <u>(92,649)</u> | <u>—</u> | <u>2,818,968</u> |
| Total Net Capital Assets | <u>3,986,459</u> | <u>9,263,000</u> | <u>—</u> | <u>13,249,459</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------|----------------|
| Instructional | \$ 234,320 |
| Support Services | <u>26,035</u> |
| | <u>260,355</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General Obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

| Issue | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-----------------------|-----------|-------------|--------------------|
| General Obligation Special Education Bonds of 2021 - Due in annual installments of \$230,000 to \$370,000 plus semi-annual interest at 4.00% through December 1, 2030. | \$ 3,095,000 | — | 230,000 | 2,865,000 |

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

| Type of Debt | Beginning Balances | Additions | Deductions | Ending Balances | Amounts Due within One Year |
|-----------------------------|-----------------------|-----------|------------------|--------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Total OPEB Liability - RHP | \$ 1,594,943 | — | 204,043 | 1,390,900 | — |
| Total OPEB Liability - THIS | 6,567,862 | — | 1,290,323 | 5,277,539 | — |
| Net Pension Liability - TRS | 637,552 | — | 97,287 | 540,265 | — |
| Special Education Bonds | 3,095,000 | — | 230,000 | 2,865,000 | 270,000 |
| Unamortized Premium | 489,853 | — | 48,985 | 440,868 | 48,985 |
| | <u>12,385,210</u> | <u>—</u> | <u>1,870,638</u> | <u>10,514,572</u> | <u>318,985</u> |

The compensated absences, the total OPEB liabilities, and the net pension liability - TRS are being repaid from the General Fund. The special education bonds are being paid by the Debt Service Fund.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

| Fiscal Year | General Obligation Special Education Bonds | |
|----------------|---|------------------|
| | Principal | Interest |
| 2023 | \$ 270,000 | 488,400 |
| 2024 | 280,000 | 476,400 |
| 2025 | 295,000 | 468,400 |
| 2026 | 305,000 | 454,400 |
| 2027 | 315,000 | 439,600 |
| 2028 | 330,000 | 428,800 |
| 2029 | 345,000 | 416,800 |
| 2030 | 355,000 | 398,800 |
| 2031 | 370,000 | 384,800 |
| Totals | <u>2,865,000</u> | <u>3,956,400</u> |

NET POSITION CLASSIFICATION

Net investment in capital assets was comprised of the following as of June 30, 2022:

| | |
|--|------------------|
| Governmental Activities | |
| Capital Assets - Net of Accumulated Depreciation | \$ 13,249,459 |
| Less Capital Related Debt: | |
| General Obligation Special Education Bonds | (2,865,000) |
| Unamortized Premium | <u>(440,868)</u> |
| Net Investment in Capital Assets | <u>9,943,591</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental fund financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

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

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Governing Board; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Governing Board’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the 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 highest level of decision-making authority is the Board of Education, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

| | General | Capital Projects | Nonmajor Debt Service | Totals |
|----------------------------|-------------------|---------------------|-----------------------------|-------------------|
| Fund Balances | | | | |
| Restricted | | | | |
| Student Activities | \$ 25,518 | — | — | 25,518 |
| Medicaid | 3,443,729 | — | — | 3,443,729 |
| Capital Outlay | — | 5,978,970 | — | 5,978,970 |
| | <u>3,469,247</u> | <u>5,978,970</u> | — | <u>9,448,217</u> |
| Unassigned | <u>8,486,622</u> | — | — | <u>8,486,622</u> |
| Total Fund Balances | <u>11,955,869</u> | <u>5,978,970</u> | — | <u>17,934,839</u> |

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION/FUND BALANCE RESTATEMENT

Beginning fund balance was restated to close the Student Activities Account - General Fund into the General Account - General Fund. Additionally, beginning net position was restated due to an error in prior year capital assets. The following is a summary of the net position as originally reported and as restated:

| Net Position/Fund Balance | As Reported | As Restated | Increase/ (Decrease) |
|------------------------------------|---------------|-------------|-------------------------|
| Governmental Activities | \$ 11,991,026 | 11,609,529 | (381,497) |
| General Account - General | 7,159,627 | 7,184,239 | 24,612 |
| Student Activity Account - General | 24,612 | — | (24,612) |

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

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

CONTINGENT LIABILITIES

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

State and Federal Aid Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The aggregate amounts recognized for the two plans are:

| | Pension Expense/ (Revenue) | Total OPEB Liability | Deferred Outflows | Deferred Inflows |
|-------------|----------------------------------|-------------------------|----------------------|---------------------|
| OPEB - RHP | \$ (73,128) | 1,390,900 | — | — |
| OPEB - THIS | 7,458 | 5,277,539 | 458,217 | 2,448,026 |
| | (65,670) | 6,668,439 | 458,217 | 2,448,026 |

Retiree's Health Plan

General Information about the OPEB Plan

Plan Description. The District's defined benefit OPEB plan, Retiree's Health Plan (RHP), provides OPEB for all permanent full-time general employees of the District. RHP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

The District offers a flat reimbursement subsidy for certified employees who retire after age 55 with 15 years of service. The subsidy is that the District will pay up to \$200 per month for the cost of the retiree's health insurance policy (presumably through TCHP). The subsidy for current retirees will extend up to five years, irrespective of the age at retirement. Staff workers may retire after age 55 with 8 years of service, but no subsidy is provided in such case. They are, however, eligible to participate in the District's plan. For the dental plan, benefits for staff retirees continue as long as COBRA premiums are paid, even past age 65. Effective July 2008, Group Life Insurance is provided by the District after retirement, but retirees must pay the full premium. There is therefore no liability to the District for this benefit.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Retiree's Health Plan - Continued

General Information about the OPEB Plan - Continued

Plan Membership. As of June 30, 2022, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | — |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | — |
| Active Plan Members | <u>98</u> |
| Total | <u><u>98</u></u> |

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.25% |
| Salary Increases | 2.50% |
| Discount Rate | 3.54% |
| Healthcare Cost Trend Rates | Initial trend rate in 2022 is 7.30% for PPO and 7.00% for HMO with ultimate trend rate of 5.00% for both to 2032. |
| Retirees' Share of Benefit-Related Costs | 10% of projected health insurance premiums for retirees. |

The discount rate was based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate.

Mortality rates were based on the Pub-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020; age 83 for males, age 87 for females.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Retiree's Health Plan - Continued

Change in the Total OPEB Liability

| | Total OPEB Liability |
|---|----------------------------|
| Balance at June 30, 2021 | \$ 1,594,943 |
| Changes for the Year: | |
| Service Cost | 41,679 |
| Interest on the Total OPEB Liability | 33,037 |
| Changes of Benefit Terms | — |
| Difference Between Expected and Actual Experience | 143,945 |
| Changes of Assumptions or Other Inputs | (291,789) |
| Benefit Payments | (130,915) |
| Other Changes | — |
| Net Changes | <u>(204,043)</u> |
| Balance at June 30, 2022 | <u>1,390,900</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The discount rate used to measure the total pension liability was 3.54%, while the prior valuation used 2.16%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 1,532,252 | 1,390,900 | 1,272,541 |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Retiree's Health Plan - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using variable Healthcare Trend Rates, as well as what the total OPEB liability would be if it were calculated using variable Healthcare Trend Rates that are one percentage point lower or one percentage point higher:

| | 1% Decrease (Varies) | Healthcare Cost Trend Rates (Varies) | 1% Increase (Varies) |
|----------------------|-------------------------|---|-------------------------|
| Total OPEB Liability | \$ 1,272,964 | 1,390,900 | 1,528,847 |

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

For the year ended June 30, 2022, the District recognized OPEB revenue of \$73,128. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

Teachers' Health Insurance Security Fund

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS health coverage includes provisions for medical, prescription drug, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Benefits Provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 required all active contributors to TRS, who are not employees of the State, to contribute to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Plan Description - Continued

On-behalf Contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.90 percent of pay during the year ended June 30, 2022. State of Illinois contributions were \$62,408, and the District recognized revenue and expenditures of this amount during the year.

Employer Contributions to the THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.67 percent during the year ended June 30, 2022. For the year ended June 30, 2022 the District paid \$46,513 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <https://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under “Central Management Services.” Prior reports are available under “Healthcare and Family Services.”

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|------------------------------|--|
| 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: | 2.75%, net of OPEB plan investment expense, including inflation, for all plan years. |
| Healthcare Cost Trend Rates: | For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate adjustment due to the repeal of the Excise Tax. |

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Teachers' Health Insurance Security Fund - Continued

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since TRIP is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 2.45 percent as of June 30, 2020, and 1.92 percent as of June 30, 2021.

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

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

| | 1% Decrease (2.92%) | Current Discount Rate (1.92%) | 1% Increase (0.92%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's Proportionate Share of the OPEB Liability | \$ 6,339,989 | 5,277,539 | 4,435,568 |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Teachers' Health Insurance Security Fund - Continued

Sensitivity of the Employer's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the plan's net OPEB liability as of June 30, 2021, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The current claims trend rates are 8.00% in plan year end 2023, decreasing to an ultimate trend rate of 4.25% in plan year end 2038.

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|--------------|-----------------------------------|-------------|
| Employer's Proportionate Share of the OPEB Liability | \$ 6,339,989 | 5,277,539 | 4,435,568 |

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

At June 30, 2022, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined. At June 29, 2021, the District's proportion was 0.000239 percent, which was a decrease of 0.000006 from its proportion in the prior year. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follow:

| | |
|--|--------------------------|
| Employer's Proportionate Share of the Net OPEB Liability | \$ 5,277,539 |
| Shate's Proportionate Share of the Net OPEB Liability Associated with the Employer | <u>8,671,120</u> |
| Total | <u><u>13,948,659</u></u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Teachers' Health Insurance Security Fund - Continued

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

For the year ending June 30, 2022, the District recognized OPEB revenue and expense of \$62,408 for support provided by the State. For the year ending June 30, 2021, the District recognized OPEB expense of \$7,458. At June 30, 2022, 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 | Totals |
|--|--------------------------------------|-------------------------------------|--------------------|
| Differences Between Expected and Actual Experience | \$ — | (246,877) | (246,877) |
| Net Difference Between Projected and Actual Earnings on Pension Investments | 1,822 | (1,976,201) | (1,974,379) |
| Changes of Assumptions | 83 | (101) | (18) |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 409,799 | (224,847) | 184,952 |
| Total Pension Expense to be Recognized in Future Periods | 411,704 | (2,448,026) | (2,036,322) |
| Employer Contributions Subsequent to the Measurement Date | 46,513 | — | 46,513 |
| Totals | <u>458,217</u> | <u>(2,448,026)</u> | <u>(1,989,809)</u> |

\$46,513 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| Fiscal Year | Net Deferred (Inflows) of Resources |
|----------------|---|
| 2023 | \$ (382,149) |
| 2024 | (382,117) |
| 2025 | (330,843) |
| 2026 | (253,585) |
| 2027 | (233,244) |
| Thereafter | <u>(454,384)</u> |
| Total | <u>(2,036,322)</u> |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS

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

The aggregate amounts recognized for the two plans are:

| | Pension Expense/ (Revenue) | Net Pension Liability/ (Asset) | Deferred Outflows | Deferred (Inflows) |
|------|----------------------------------|--------------------------------------|----------------------|-----------------------|
| TRS | \$ (17,046) | 540,265 | 51,086 | 92,857 |
| IMRF | 61,228 | (1,427,932) | 409,140 | 1,405,474 |
| | 44,182 | (887,667) | 460,226 | 1,498,331 |

Teachers’ Retirement System (TRS)

Plan Descriptions, Provisions and Funding Policies

The District participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can only be made by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for TRS’s administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/acfrs>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 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 consecutive years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

Benefits Provided - Continued

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 highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2021, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2022, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$3,247,750 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2022 were \$40,265, respectively. The June 30, 2022 contributions are deferred because they were paid after the June 30, 2021 measurement date.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

Contributions - Continued

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

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

For the fiscal year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the fiscal year ended June 30, 2021, the employer pension contribution was 9.41 percent of salaries paid from those funds. For the fiscal year ended June 30, 2022, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0, which was equal to the District's actual contributions. These contributions are deferred because they were paid after the June 30, 2021 measurement date.

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

Employer Retirement Cost Contributions - Continued. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2022, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$5,122 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2021, the employer 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 employer 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:

| | |
|---|--------------------------|
| Employer's Proportionate Share of the Net Pension Liability | \$ 540,265 |
| State's Proportionate Share of the Net Pension Liability Associated with the Employer | <u>45,279,964</u> |
| Total | <u><u>45,820,229</u></u> |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2021 relative to the contributions of all participating TRS employers and the state during that period. At June 29, 2021, the employer's proportion was 0.000693%, which was a decrease of 0.000047% from its proportion measured as of the prior year.

For the year ended June 30, 2022, the employer recognized pension expense of \$3,247,750 and revenue of \$3,247,750 for support provided by the State. At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|----------|
| Differences Between Expected and Actual Experience | \$ 3,099 | (2,228) | 871 |
| Net Difference Between Projected and Actual Earnings on Pension Investments | — | (36,239) | (36,239) |
| Changes of Assumptions | 239 | (2,670) | (2,431) |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 7,615 | (51,720) | (44,105) |
| Total Pension Expense to be Recognized in Future Periods | 10,953 | (92,857) | (81,904) |
| Employer Contributions Subsequent to the Measurement Date | 40,133 | — | 40,133 |
| Totals | 51,086 | (92,857) | (41,771) |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

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

\$40,133 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year | Net Deferred (Inflows) of Resources |
|----------------|---|
| 2023 | \$ (17,472) |
| 2024 | (19,098) |
| 2025 | (19,767) |
| 2026 | (21,252) |
| 2027 | (4,315) |
| Thereafter | <u>—</u> |
| Total | <u><u>(81,904)</u></u> |

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.25 Percent
- Salary Increases: Varies by Amount of Service Credit
- Investment Rate of Return: 7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

Actuarial Assumptions

In the June 30, 2021 actuarial valuation, mortality rates were based on the PubT -2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2020 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2017.

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. Large Cap | 16.7% | 6.2% |
| U.S. Small/Mid Cap | 2.2% | 7.4% |
| International Equities Developed | 10.6% | 6.9% |
| Emerging Market Equities | 4.5% | 9.2% |
| U.S. Bonds Core | 3.0% | 1.6% |
| Cash Equivalents | 2.0% | 0.1% |
| TIPS | 1.0% | 0.8% |
| International Debt Developed | 1.0% | 0.4% |
| Emerging International Debt | 4.0% | 4.4% |
| Real Estate | 16.0% | 5.8% |
| Private Debt | 10.0% | 6.5% |
| Hedge Funds | 10.0% | 3.9% |
| Private Equity | 15.0% | 10.4% |
| Infrastructure | 4.0% | 6.3% |
| | <hr/> | |
| Total | <u>100.0%</u> | |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System (TRS) - Continued

Discount Rate

At June 30, 2021, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2020 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2021 was projected to be available to make all projected future benefit payments to 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 percent, 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 one percentage-point lower or one 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 OPEB Liability | \$ 669,107 | 540,265 | 433,245 |

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2021 is available in the separately issued TRS *Annual Comprehensive Financial Report*.

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF)

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees (other than those covered by the Teachers Retirement Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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

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

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

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----------------------|
| Inactive Plan Members Currently Receiving Benefits | 62 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 170 |
| Active Plan Members | <u>131</u> |
| Total | <u><u>363</u></u> |

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.50% 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. For the year-ended June 30, 2022, the District’s contribution was 8.16% of covered payroll.

Net Pension (Asset). The District’s net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 7.25% |
| Salary Increases | 2.85% to 13.75% |
| Cost of Living Adjustments | 3.25% |
| Inflation | 2.25% |

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. For nondisabled 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-2020. 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 | Long-Term Expected Real Rate of Return |
|---------------------------|--------|--|
| Fixed Income | 25.00% | (0.60%) |
| Domestic Equities | 39.00% | 1.90% |
| International Equities | 15.00% | 3.15% |
| Real Estate | 10.00% | 3.30% |
| Blended | 10.00% | 1.70% - 5.50% |
| Cash and Cash Equivalents | 1.00% | (0.90%) |

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension (asset) to changes in the discount rate. The table below presents the net pension (asset) of the District calculated using the discount rate as well as what the District's net pension (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) | \$ 293,497 | (1,427,932) | (2,750,567) |

Changes in the Net Pension (Asset)

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension (Asset) (A) - (B) |
|---|--------------------------------------|---------------------------------------|-------------------------------------|
| Balances at December 31, 2020 | \$ 11,497,168 | 11,815,842 | (318,674) |
| Changes for the Year: | | | |
| Service Cost | 451,371 | — | 451,371 |
| Interest on the Total Pension Liability | 837,493 | — | 837,493 |
| Changes of Benefit Terms | — | — | — |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 65,969 | — | 65,969 |
| Changes of Assumptions | — | — | — |
| Contributions - Employer | — | 452,512 | (452,512) |
| Contributions - Employees | — | 225,680 | (225,680) |
| Net Investment Income | — | 1,884,181 | (1,884,181) |
| Benefit Payments, Including Refunds of Employee Contributions | (342,452) | (342,452) | — |
| Other (Net Transfer) | — | (98,282) | 98,282 |
| Net Changes | 1,012,381 | 2,121,639 | (1,109,258) |
| Balances at December 31, 2021 | 12,509,549 | 13,937,481 | (1,427,932) |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended June 30, 2022, the District recognized pension expense of \$61,228. At June 30, 2022, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|------------------|
| Differences Between Expected and Actual Experience | \$ 161,907 | — | 161,907 |
| Changes of Assumptions | — | (70,074) | (70,074) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | — | (1,335,400) | (1,335,400) |
| Total Pension Expense to be Recognized in Future Periods | 161,907 | (1,405,474) | (1,243,567) |
| Pension Contributions Made Subsequent to the Measurement Date | 247,233 | — | 247,233 |
| Total Deferred Amounts Related to Pensions | <u>409,140</u> | <u>(1,405,474)</u> | <u>(996,334)</u> |

\$247,233 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. 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:

| Fiscal Year | Net Deferred (Inflows) of Resources |
|----------------|---|
| 2023 | \$ (232,243) |
| 2024 | (485,429) |
| 2025 | (322,110) |
| 2026 | (203,785) |
| 2027 | — |
| Thereafter | — |
| Total | <u>(1,243,567)</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Changes in the Employer's Total OPEB Liability
Retiree's Health Plan
- Schedule Employer Contributions
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Collective Net OPEB Liability
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions
Teachers' Retirement System
- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgeted amounts are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Retiree's Health Plan

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2022

See Following Page

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Retiree's Health Plan

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2022

| | <u>2018</u> |
|--|-----------------------|
| Total OPEB Liability | |
| Service Cost | \$ 104,727 |
| Interest | 12,852 |
| Changes in Benefit Terms | — |
| Differences Between Expected and Actual | |
| Experience | 20,868 |
| Change of Assumptions or Other Inputs | (32,903) |
| Benefit Payments | — |
| Other Changes | <u>(136,906)</u> |
| Net Change in Total OPEB Liability | (31,362) |
| Total OPEB Liability - Beginning | <u>431,284</u> |
| | |
| Total OPEB Liability - Ending | <u><u>399,922</u></u> |
| | |
| Covered-Employee Payroll | \$ 1,031,603 |
| | |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 38.77% |

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018 through 2022.

| 2019 | 2020 | 2021 | 2022 |
|-----------|-----------|-----------|-----------|
| 120,987 | 124,363 | 35,087 | 41,679 |
| 11,918 | 15,168 | 34,620 | 33,037 |
| — | 99,176 | — | — |
| — | (104,222) | — | 143,945 |
| 10,993 | 1,032,330 | 6,723 | (291,789) |
| — | (95,984) | (95,984) | (130,915) |
| (154) | — | — | — |
| 143,744 | 1,070,831 | (19,554) | (204,043) |
| 399,922 | 543,666 | 1,614,497 | 1,594,943 |
| 543,666 | 1,614,497 | 1,594,943 | 1,390,900 |
| 1,031,603 | 1,933,390 | 2,080,828 | 2,131,018 |
| 52.70% | 83.51% | 76.65% | 65.27% |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Teacher's Health Insurance Security Fund
 Schedule of Employer Contributions
 June 30, 2022**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2018 | \$ 49,999 | \$ 49,999 | \$ — | \$ 5,681,750 | 0.88% |
| 2019 | 53,682 | 53,682 | — | 5,835,042 | 0.92% |
| 2020 | 57,182 | 57,182 | — | 6,215,411 | 0.92% |
| 2021 | 57,145 | 57,145 | — | 6,211,415 | 0.92% |
| 2022 | 46,513 | 46,513 | — | 6,942,231 | 0.67% |

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Teacher's Health Insurance Security Fund
Schedule of Employer Contributions - Continued
June 30, 2022**

Notes to the Schedule of Employer Contributions

| | |
|----------------------------------|---------------|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Sponsor's Fiscal Year End | June 30, 2022 |

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

| | |
|-----------------------------|--|
| Actuarial Cost Method | Entry Age Normal, used to measure the Total OPEB Liability |
| Contribution Policy | Benefits are financed on a pay-as-you-go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2021, contribution rates are 1.24% of pay for active members, 0.92% of pay for school districts, and 1.24% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs. |
| Asset Valuation Method | Fair Value |
| Investment Rate of Return | 2.75%, net of OPEB plan investment expense, including inflation, for all plan years. |
| 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. |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2018 actuarial valuation. |
| Mortality | Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017. |
| Healthcare Cost Trend Rates | Trend for fiscal year ending 2022 bases on expected increases used to develop average costs. For fiscal years on and after 2023, trend starts at 8.00% gradually decreases to an ultimate trend of 4.25%. |
| Aging Factors | Based on the 2013 SOA Study "Health Care Costs - From Birth to Death". |
| Expenses | Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense. |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Teacher's Health Insurance Security Fund

Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability

June 30, 2022

| | <u>2018</u> |
|---|--------------------------|
| Employer's Proportion of the Net OPEB Liability | 0.023282% |
| Employer's Proportionate Share of the Net OPEB Liability | \$ 6,041,531 |
| State's Proportionate Share of the Net OPEB Liability Associated with the Employer | <u>7,933,951</u> |
| Total | <u><u>13,975,482</u></u> |
| Employer's Covered Payroll | \$ 5,355,532 |
| Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll | 112.81% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | (0.23%) |

Notes:

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

| 2019 | 2020 | 2021 | 2022 |
|------------|------------|------------|------------|
| 0.023968% | 0.023736% | 0.024566% | 0.023929% |
| 6,314,694 | 6,569,615 | 6,567,862 | 5,277,539 |
| 8,479,108 | 8,895,968 | 8,897,664 | 8,671,120 |
| 14,793,802 | 15,465,583 | 15,465,526 | 13,948,659 |
| 5,681,750 | 5,835,042 | 6,215,411 | 6,211,415 |
| 111.14% | 112.59% | 105.67% | 84.97% |
| (0.07%) | 0.25% | 0.70% | 1.40% |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Teachers' Retirement System

**Schedule of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions
June 30, 2022**

| | 2015 | 2016 |
|---|-------------------|-------------------|
| Employer's Proportion of the Net Pension Liability | 0.000810% | 0.000860% |
| Employer's Proportionate Share of the Net Pension Liability | \$ 493,833 | 560,918 |
| State's Proportionate Share of the Net Pension Liability Associated with the Employer | 30,795,895 | 33,494,128 |
| Total | <u>31,289,728</u> | <u>34,055,046</u> |
| Employer's Covered Payroll | \$ 4,992,067 | 5,170,530 |
| Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll | 9.89% | 10.85% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 41.50% | 41.50% |
| Contractually-Required Contribution | \$ 29,989 | 29,672 |
| Contributions in Relation to the Contractually Required Contribution | 29,855 | 29,536 |
| Contribution Deficiency (Excess) | <u>134</u> | <u>136</u> |
| Employer's Covered Payroll | \$ 5,170,530 | 5,115,918 |
| Contributions as a % of Covered Payroll | 0.58% | 0.58% |

Notes:

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

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

For the 2021 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated September 30, 2021.

For the 2020-2016 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

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

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

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------|------------|------------|------------|------------|------------|
| 0.000770% | 0.000750% | 0.000790% | 0.000750% | 0.000739% | 0.000693% |
| 604,967 | 575,997 | 618,211 | 606,116 | 637,552 | 540,265 |
| 40,618,593 | 39,652,786 | 42,350,014 | 43,136,634 | 49,936,388 | 45,279,964 |
| 41,223,560 | 40,228,783 | 42,968,225 | 43,742,750 | 50,573,940 | 45,820,229 |
| 5,115,918 | 5,355,532 | 5,681,750 | 5,835,042 | 6,215,411 | 6,211,415 |
| 11.83% | 10.76% | 10.88% | 10.39% | 10.26% | 8.70% |
| 36.40% | 39.30% | 40.00% | 39.60% | 37.80% | 45.10% |
| 31,062 | 32,954 | 33,843 | 36,049 | 36,026 | 40,265 |
| 30,917 | 32,806 | 33,843 | 36,049 | 35,863 | 40,133 |
| 145 | 148 | — | — | 163 | 132 |
| 5,355,532 | 5,681,750 | 5,835,042 | 6,215,411 | 6,211,415 | 6,942,231 |
| 0.58% | 0.58% | 0.58% | 0.58% | 0.58% | 0.58% |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
June 30, 2022**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2015 | \$ 272,449 | \$ 274,179 | \$ 1,730 | \$ 2,624,753 | 10.45% |
| 2016 | 267,200 | 299,203 | 32,003 | 2,645,547 | 11.31% |
| 2017 | 302,612 | 302,612 | — | 2,935,130 | 10.31% |
| 2018 | 335,340 | 335,340 | — | 3,366,872 | 9.96% |
| 2019 | 339,936 | 339,936 | — | 3,772,878 | 9.01% |
| 2020 | 287,813 | 287,813 | — | 4,276,572 | 6.73% |
| 2021 | 380,535 | 380,535 | — | 4,715,428 | 8.07% |
| 2022 | 441,844 | 441,844 | — | 5,412,761 | 8.16% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 22 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Inflation | 2.50% |
| Salary Increases | 3.35% - 14.25% |
| Investment Rate of Return | 7.25% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). |

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

June 30, 2021

See Following Page

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

June 30, 2022

| | 2014 | 2015 |
|--|-------------------|------------------|
| Total Pension Liability | | |
| Service Cost | \$ 301,333 | 298,820 |
| Interest | 422,330 | 486,502 |
| Changes in Benefit Terms | — | — |
| Differences Between Expected and Actual Experience | (1,080) | (60,046) |
| Change of Assumptions | 257,470 | — |
| Benefit Payments, Including Refunds of Member Contributions | (121,749) | (124,586) |
| Net Change in Total Pension Liability | 858,304 | 600,690 |
| Total Pension Liability - Beginning | 5,541,274 | 6,399,578 |
| Total Pension Liability - Ending | <u>6,399,578</u> | <u>7,000,268</u> |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 274,179 | 299,203 |
| Contributions - Members | 120,904 | 121,149 |
| Net Investment Income | 348,465 | 31,732 |
| Benefit Payments, Including Refunds of Member Contributions | (121,749) | (124,586) |
| Other (Net Transfer) | 768 | (244,388) |
| Net Change in Plan Fiduciary Net Position | 622,567 | 83,110 |
| Plan Net Position - Beginning | 5,575,879 | 6,198,446 |
| Plan Net Position - Ending | <u>6,198,446</u> | <u>6,281,556</u> |
| Employer's Net Pension Liability/(Asset) | <u>\$ 201,132</u> | <u>718,712</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 96.86% | 89.73% |
| Covered Payroll | \$ 2,641,418 | 12,080,555 |
| Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll | 7.61% | 5.95% |

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|-----------|-----------|------------|------------|-------------|
| 297,697 | 339,652 | 357,968 | 397,641 | 453,963 | 451,371 |
| 528,907 | 584,092 | 616,957 | 683,371 | 774,618 | 837,493 |
| — | — | — | — | — | — |
| 105,562 | (33,289) | 125,104 | 432,421 | 130,970 | 65,969 |
| — | (232,372) | 308,650 | — | (156,842) | — |
| (194,048) | (240,637) | (217,450) | (240,139) | (325,896) | (342,452) |
| 738,118 | 417,446 | 1,191,229 | 1,273,294 | 876,813 | 1,012,381 |
| 7,000,268 | 7,738,386 | 8,155,832 | 9,347,061 | 10,620,355 | 11,497,168 |
| 7,738,386 | 8,155,832 | 9,347,061 | 10,620,355 | 11,497,168 | 12,509,549 |
| 302,612 | 335,341 | 339,936 | 287,813 | 380,535 | 452,512 |
| 133,506 | 151,509 | 169,823 | 192,446 | 212,195 | 225,680 |
| 437,614 | 1,155,651 | (352,294) | 1,474,373 | 1,374,799 | 1,884,181 |
| (194,048) | (240,637) | (217,450) | (240,139) | (325,896) | (342,452) |
| 64,143 | (54,223) | 98,907 | 16,845 | 30,925 | (98,282) |
| 743,827 | 1,347,641 | 38,922 | 1,731,338 | 1,672,558 | 2,121,639 |
| 6,281,556 | 7,025,383 | 8,373,024 | 8,411,946 | 10,143,284 | 11,815,842 |
| 7,025,383 | 8,373,024 | 8,411,946 | 10,143,284 | 11,815,842 | 13,937,481 |
| 713,003 | (217,192) | 935,115 | 477,071 | (318,674) | (1,427,932) |
| 90.79% | 102.66% | 90.00% | 95.51% | 102.77% | 111.41% |
| 2,935,130 | 3,366,872 | 3,772,878 | 4,276,572 | 4,715,428 | 5,016,247 |
| 24.29% | (6.45%) | 24.79% | 11.16% | (6.76%) | (28.47%) |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual |
|--|--------------------|--------------------|--------------------------|
| | Original | Final | |
| Revenues | | | |
| Local Sources | | | |
| Tuition | \$ 17,064,557 | 17,064,557 | 17,666,412 |
| Replacement Taxes | | | |
| Earnings on Investments | 290,000 | 290,000 | 407,678 |
| School Activity Income | 2,000 | 2,000 | 10,901 |
| Other Revenue from Local Sources | 5,500 | 5,500 | 160,921 |
| State Sources | — | — | 1,066,832 |
| Federal Sources | — | — | 584,317 |
| On-Behalf Payments | — | — | 3,310,230 |
| Total Revenues | <u>17,362,057</u> | <u>17,362,057</u> | <u>23,207,291</u> |
| Expenditures | | | |
| Instruction | 12,019,355 | 12,019,355 | 11,214,127 |
| Support Services | 6,637,406 | 6,637,406 | 6,314,431 |
| Community Services | 326,798 | 326,798 | 235,519 |
| On-Behalf Payments | — | — | 3,310,230 |
| Total Expenditures | <u>18,983,559</u> | <u>18,983,559</u> | <u>21,074,307</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,621,502) | (1,621,502) | 2,132,984 |
| Other Financing (Uses) | | | |
| Transfers Out | — | — | (7,333,753) |
| Net Change in Fund Balances | <u>(1,621,502)</u> | <u>(1,621,502)</u> | (5,200,769) |
| Fund Balances - Beginning | | | <u>17,156,638</u> |
| Fund Balances - Ending | | | <u><u>11,955,869</u></u> |

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - General Fund - by Accounts
- Budgetary Comparison Schedules - Major Governmental Funds
- Consolidated Year-End Financial Report

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**General Fund - by Accounts
Combining Balance Sheet
June 30, 2022**

| | General Account | Medicaid Account | Operations and Maintenance Account | Totals |
|-------------------------------------|--------------------|---------------------|--|------------|
| ASSETS | | | | |
| Cash and Investments | \$ 8,321,646 | 3,447,884 | — | 11,769,530 |
| Receivables - Net of Allowances | | | | |
| Intergovernmental | 172,824 | — | — | 172,824 |
| Total Assets | 8,494,470 | 3,447,884 | — | 11,942,354 |
| LIABILITIES | | | | |
| Accounts Payable | 36,488 | 4,155 | — | 40,643 |
| Accrued Payroll | (54,158) | — | — | (54,158) |
| | (17,670) | 4,155 | — | (13,515) |
| FUND BALANCES | | | | |
| Restricted | 25,518 | 3,443,729 | — | 3,469,247 |
| Unassigned | 8,486,622 | — | — | 8,486,622 |
| Total Fund Balances | 8,512,140 | 3,443,729 | — | 11,955,869 |
| Total Liabilities and Fund Balances | 8,494,470 | 3,447,884 | — | 11,942,354 |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Fund - by Accounts

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2022

| | General Account | Medicaid Account | Operations and Maintenance Account | Totals |
|--|--------------------|---------------------|--|--------------------|
| Revenues | | | | |
| Local Sources | | | | |
| Tuition | \$ 17,078,605 | 587,807 | — | 17,666,412 |
| Earnings on Investments | 407,678 | — | — | 407,678 |
| School Activity Income | 10,901 | — | — | 10,901 |
| Other Local Revenues | 160,921 | — | — | 160,921 |
| State Sources | 1,066,832 | — | — | 1,066,832 |
| Federal Sources | 296,656 | 287,661 | — | 584,317 |
| On-Behalf Payments | 3,310,230 | — | — | 3,310,230 |
| Total Revenues | 22,331,823 | 875,468 | — | 23,207,291 |
| Expenditures | | | | |
| Instruction | 11,174,947 | 39,180 | — | 11,214,127 |
| Support Services | 6,283,226 | 31,205 | — | 6,314,431 |
| Community Services | 235,519 | — | — | 235,519 |
| On-Behalf Payments | 3,310,230 | — | — | 3,310,230 |
| Total Expenditures | 21,003,922 | 70,385 | — | 21,074,307 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,327,901 | 805,083 | — | 2,132,984 |
| Other Financing (Uses) | | | | |
| Transfers Out | — | (2,700,000) | (4,633,753) | (7,333,753) |
| Net Change in Fund Balances | 1,327,901 | (1,894,917) | (4,633,753) | (5,200,769) |
| Fund Balances - Beginning | 7,184,239 | 5,338,646 | 4,633,753 | 17,156,638 |
| Fund Balances - Ending | 8,512,140 | 3,443,729 | — | 11,955,869 |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|---|--------------------|-------------------|-------------------|
| Revenues | | | |
| Local Sources | | | |
| Tuition | \$ 17,064,557 | 17,064,557 | 17,078,605 |
| Earnings on Investments | 290,000 | 290,000 | 407,678 |
| School Activity Income | 2,000 | 2,000 | 10,901 |
| Other Local Revenues | 5,500 | 5,500 | 160,921 |
| Total Local Sources | 17,362,057 | 17,362,057 | 17,658,105 |
| State Sources | | | |
| Unrestricted Grants-In-Aid | | | |
| Evidence Based Funding | — | — | 928,138 |
| Other Unrestricted Grants-In-Aid | — | — | 94,147 |
| Transportation - Special Education | — | — | 44,547 |
| Total State Sources | — | — | 1,066,832 |
| Federal Sources | | | |
| Other Restricted Revenue from Federal Sources | — | — | 296,656 |
| Total Direct Revenues | 17,362,057 | 17,362,057 | 19,021,593 |
| On-Behalf Payments | — | — | 3,310,230 |
| Total Revenues | 17,362,057 | 17,362,057 | 22,331,823 |
| Expenditures | | | |
| Instruction | | | |
| Special Education Programs | | | |
| Salaries | 7,490,083 | 7,490,083 | 7,428,745 |
| Employee Benefits | 2,858,170 | 2,858,170 | 2,085,211 |
| Purchased Services | 557,600 | 557,600 | 499,169 |
| Supplies and Materials | 235,955 | 235,955 | 97,958 |
| Other Objects | 23,500 | 23,500 | 5,696 |
| Capital Outlay | 134,890 | 134,890 | 142,820 |
| Non-Capitalized Equipment | — | — | 27,940 |
| | 11,300,198 | 11,300,198 | 10,287,539 |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|-------------------------------------|--------------------|-------------------|-------------------|
| Expenditures - Continued | | | |
| Instruction - Continued | | | |
| CTE Programs | | | |
| Salaries | \$ 280,657 | 280,657 | 420,656 |
| Employee Benefits | — | — | 61,078 |
| Supplies and Materials | — | — | 4,397 |
| | <u>280,657</u> | <u>280,657</u> | <u>486,131</u> |
| Summer School Programs | | | |
| Salaries | 313,300 | 313,300 | 339,233 |
| Employee Benefits | 18,000 | 18,000 | 26,237 |
| Purchased Services | 12,500 | 12,500 | 20,164 |
| Supplies and Materials | 2,700 | 2,700 | 5,648 |
| | <u>346,500</u> | <u>346,500</u> | <u>391,282</u> |
| Student Activity Fund | | | |
| Other Objects | 2,000 | 2,000 | 9,995 |
| | <u>2,000</u> | <u>2,000</u> | <u>9,995</u> |
| Total Instruction | <u>11,929,355</u> | <u>11,929,355</u> | <u>11,174,947</u> |
| Support Services | | | |
| Pupils | | | |
| Attendance and Social Work Services | | | |
| Salaries | 325,000 | 325,000 | 202,111 |
| Employee Benefits | 62,578 | 62,578 | 48,827 |
| Purchased Services | 800 | 800 | 483 |
| Supplies and Materials | 300 | 300 | — |
| | <u>388,678</u> | <u>388,678</u> | <u>251,421</u> |
| Health Services | | | |
| Salaries | 1,482,358 | 1,482,358 | 1,485,843 |
| Employee Benefits | 452,475 | 452,475 | 431,429 |
| Purchased Services | 3,000 | 3,000 | 2,400 |
| Supplies and Materials | 19,400 | 19,400 | 12,304 |
| | <u>1,957,233</u> | <u>1,957,233</u> | <u>1,931,976</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|------------------|
| Expenditures - Continued | | | |
| Support Services - Continued | | | |
| Pupils - Continued | | | |
| Psychological Services | | | |
| Salaries | \$ 294,959 | 294,959 | 419,319 |
| Employee Benefits | 79,909 | 79,909 | 76,604 |
| Purchased Services | 86,500 | 86,500 | 54,386 |
| Supplies and Materials | 57,600 | 57,600 | 1,589 |
| | <u>518,968</u> | <u>518,968</u> | <u>551,898</u> |
| Speech Pathology and Audiology Services | | | |
| Salaries | 1,058,917 | 1,058,917 | 833,039 |
| Employee Benefits | 176,810 | 176,810 | 181,508 |
| Purchased Services | 3,500 | 3,500 | 93,336 |
| Supplies and Materials | 10,000 | 10,000 | 9,034 |
| Capital Outlay | 1,000 | 1,000 | — |
| | <u>1,250,227</u> | <u>1,250,227</u> | <u>1,116,917</u> |
| Total Pupils | <u>4,115,106</u> | <u>4,115,106</u> | <u>3,852,212</u> |
| Instructional Staff | | | |
| Improvement of Instruction Services | | | |
| Salaries | 14,440 | 14,440 | 28,923 |
| Employee Benefits | 1,250 | 1,250 | 2,240 |
| Purchased Services | 166,269 | 166,269 | 80,411 |
| Supplies and Materials | 8,400 | 8,400 | 17,891 |
| | <u>190,359</u> | <u>190,359</u> | <u>129,465</u> |
| Assessment and Testing | | | |
| Salaries | <u>71,075</u> | <u>71,075</u> | <u>45,682</u> |
| Total Instructional Staff | <u>261,434</u> | <u>261,434</u> | <u>175,147</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|-----------------|----------------|
| Expenditures - Continued | | | |
| Support Services - Continued | | | |
| General Administration | | | |
| Board of Education Services | | | |
| Salaries | \$ 71,860 | 71,860 | 72,089 |
| Employee Benefits | 23,492 | 23,492 | 32,153 |
| Purchased Services | 144,800 | 144,800 | 137,900 |
| Supplies and Materials | 14,275 | 14,275 | 20,005 |
| | <u>254,427</u> | <u>254,427</u> | <u>262,147</u> |
| Executive Administration Services | | | |
| Salaries | 244,978 | 244,978 | 247,554 |
| Employee Benefits | 33,081 | 33,081 | 35,464 |
| Purchased Services | 8,500 | 8,500 | — |
| Supplies and Materials | 1,500 | 1,500 | 198 |
| | <u>288,059</u> | <u>288,059</u> | <u>283,216</u> |
| Total General Administration | <u>542,486</u> | <u>542,486</u> | <u>545,363</u> |
| School Administration | | | |
| Office of the Principal Services | | | |
| Salaries | 178,736 | 178,736 | 182,273 |
| Employee Benefits | 42,015 | 42,015 | 50,166 |
| Purchased Services | 27,999 | 27,999 | 20,861 |
| Supplies and Materials | 20,600 | 20,600 | 9,411 |
| Capital Outlay | 1,000 | 1,000 | — |
| | <u>270,350</u> | <u>270,350</u> | <u>262,711</u> |
| Total School Administration | <u>270,350</u> | <u>270,350</u> | <u>262,711</u> |
| Business | | | |
| Fiscal Services | | | |
| Salaries | 241,729 | 241,729 | 257,043 |
| Employee Benefits | 52,812 | 52,812 | 61,348 |
| Purchased Services | 3,200 | 3,200 | 866 |
| Supplies and Materials | 5,100 | 5,100 | 595 |
| | <u>302,841</u> | <u>302,841</u> | <u>319,852</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|------------------|
| Expenditures - Continued | | | |
| Support Services - Continued | | | |
| Business - Continued | | | |
| Operations and Maintenance of Plant Services | | | |
| Salaries | \$ 228,454 | 228,454 | 241,520 |
| Employee Benefits | 78,498 | 78,498 | 78,587 |
| Purchased Services | 188,180 | 188,180 | 120,745 |
| Supplies and Materials | 128,100 | 128,100 | 141,237 |
| Capital Outlay | 7,800 | 7,800 | 26,931.00 |
| | <u>631,032</u> | <u>631,032</u> | <u>609,020</u> |
| Pupil Transportation Services | | | |
| Salaries | 41,935 | 41,935 | 66,694 |
| Employee Benefits | 11,531 | 11,531 | 16,592 |
| Purchased Services | 1,000 | 1,000 | 32 |
| Supplies and Materials | 500 | 500 | 25 |
| | <u>54,966</u> | <u>54,966</u> | <u>83,343</u> |
| Internal Services | | | |
| Purchased Services | — | — | 18,915 |
| Supplies and Materials | — | — | 453 |
| | <u>—</u> | <u>—</u> | <u>19,368</u> |
| Total Business | <u>988,839</u> | <u>988,839</u> | <u>1,031,583</u> |
| Central | | | |
| Information Services | | | |
| Salaries | 71,080 | 71,080 | 67,313 |
| Employee Benefits | 35,469 | 35,469 | 20,340 |
| Purchased Services | 12,800 | 12,800 | 958 |
| Supplies and Materials | 48,000 | 48,000 | 13,353 |
| | <u>167,349</u> | <u>167,349</u> | <u>101,964</u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

General Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|--------------------------------------|--------------------|--------------------|-------------------------|
| Expenditures - Continued | | | |
| Support Services - Continued | | | |
| Central - Continued | | | |
| Data Processing Services | | | |
| Salaries | \$ 150,762 | 150,762 | 154,138 |
| Employee Benefits | 39,780 | 39,780 | 45,761 |
| Purchased Services | 70,740 | 70,740 | 36,934 |
| Supplies and Materials | 3,900 | 3,900 | 446 |
| Other Objects | 2,500 | 2,500 | 52,080 |
| Capital Outlay | — | — | 24,887 |
| | <u>267,682</u> | <u>267,682</u> | <u>314,246</u> |
| Total Central | <u>435,031</u> | <u>435,031</u> | <u>416,210</u> |
| Total Support Services | <u>6,613,246</u> | <u>6,613,246</u> | <u>6,283,226</u> |
| Community Services | | | |
| Salaries | 185,774 | 185,774 | 164,430 |
| Employee Benefits | 51,424 | 51,424 | 32,344 |
| Purchased Services | 28,600 | 28,600 | 1,013 |
| Supplies and Materials | 61,000 | 61,000 | 37,732 |
| Total Community Services | <u>326,798</u> | <u>326,798</u> | <u>235,519</u> |
| Total Direct Expenditures | 18,869,399 | 18,869,399 | 17,693,692 |
| On Behalf Payments | — | — | 3,310,230 |
| Total Expenditures | <u>18,869,399</u> | <u>18,869,399</u> | <u>21,003,922</u> |
| Net Change in Fund Balance | <u>(1,507,342)</u> | <u>(1,507,342)</u> | 1,327,901 |
| Fund Balance - Beginning as Restated | | | <u>7,184,239</u> |
| Fund Balance - Ending | | | <u><u>8,512,140</u></u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Medicaid Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|---------|
| Revenues | | | |
| Local Sources | | | |
| Tuition | \$ — | — | 587,807 |
| Federal Sources | | | |
| Medicaid Matching Funds | | | |
| Administrative Outreach | — | — | 102,694 |
| Fee-for-Service Program | — | — | 184,967 |
| Total Federal Sources | — | — | 287,661 |
| Total Revenues | — | — | 875,468 |
| Expenditures | | | |
| Instruction | | | |
| Special Education Programs | | | |
| Supplies and Materials | 90,000 | 90,000 | 37,730 |
| Non-Capitalized Equipment | — | — | 1,450 |
| Total Instruction | 90,000 | 90,000 | 39,180 |
| Support Services | | | |
| School Administration | | | |
| Office of the Principal Services | | | |
| Purchased Services | 2,760 | 2,760 | 1,380 |
| Central | | | |
| Information Services | | | |
| Purchased Services | 6,400 | 6,400 | — |
| Data Processing Services | | | |
| Purchased Services | 15,000 | 15,000 | 26,585 |
| Other Objects | — | — | 3,240 |
| Total Central | 15,000 | 15,000 | 29,825 |
| Total Support Services | 21,400 | 21,400 | 29,825 |
| Total Support Services | 24,160 | 24,160 | 31,205 |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Medicaid Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|-------------------------|
| Total Expenditures | \$ 114,160 | 114,160 | 70,385 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (114,160) | (114,160) | 805,083 |
| Other Financing (Uses) Transfers Out | — | — | (2,700,000) |
| Net Change in Fund Balance | <u>(114,160)</u> | <u>(114,160)</u> | (1,894,917) |
| Fund Balance - Beginning | | | <u>5,338,646</u> |
| Fund Balance - Ending | | | <u><u>3,443,729</u></u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual |
|--|--------------------|--------------------|-------------------------|
| Revenues | | | |
| Local Sources | | | |
| Other Revenue from Local Sources | \$ — | — | 4,500,135 |
| Expenditures | | | |
| Support Services | | | |
| Facilities and Acquisition and Construction Services | | | |
| Capital Outlay | — | — | 9,355,649 |
| Other Objects | 6,000,000 | 6,000,000 | — |
| Total Expenditures | 6,000,000 | 6,000,000 | 9,355,649 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (6,000,000) | (6,000,000) | (4,855,514) |
| Other Financing Sources | | | |
| Transfers In | — | — | 7,333,753 |
| Net Change in Fund Balance | <u>(6,000,000)</u> | <u>(6,000,000)</u> | 2,478,239 |
| Fund Balance - Beginning | | | <u>3,500,731</u> |
| Fund Balance - Ending | | | <u><u>5,978,970</u></u> |

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

**Consolidated Year-End Financial Report
June 30, 2022**

| CSFA # | Program Name | State | Federal | Other | Totals |
|-------------|---|-------|---------|------------|------------|
| 478-00-0251 | Medical Assistance Program | \$ — | 102,694 | — | 102,694 |
| 586-00-2111 | Federal Programs - Preschool Development Grants Birth through Five | — | 296,656 | — | 296,656 |
| | All Other Costs Not Allocated | — | — | 20,227,324 | 20,227,324 |
| | Totals | — | 399,350 | 20,227,324 | 20,626,674 |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

January 20, 2023

Governing Board
Niles Township District for Special Education #807
Morton Grove, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles Township District for Special Education #807, Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. According, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

SUPPLEMENTAL SCHEDULE

NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION #807

Long-Term Debt Requirements

General Obligation Special Education Bonds of 2021

June 30, 2022

| | |
|-------------------------|---------------------------------|
| Date of Issue | March 3, 2021 |
| Date of Maturity | December 1, 2030 |
| Authorized Issue | \$3,095,000 |
| Interest Rate | 4.00% |
| Interest Dates | December 1 and June 1 |
| Principal Maturity Date | December 1 |
| Payable at | Niles Township School Treasurer |

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Fiscal Year | Requirements | | |
|----------------|------------------|----------------|------------------|
| | Principal | Interest | Totals |
| 2023 | \$ 270,000 | 109,200 | 379,200 |
| 2024 | 280,000 | 98,200 | 378,200 |
| 2025 | 295,000 | 86,700 | 381,700 |
| 2026 | 305,000 | 74,700 | 379,700 |
| 2027 | 315,000 | 62,300 | 377,300 |
| 2028 | 330,000 | 49,400 | 379,400 |
| 2029 | 345,000 | 35,900 | 380,900 |
| 2030 | 355,000 | 21,900 | 376,900 |
| 2031 | 370,000 | 7,400 | 377,400 |
| | <u>2,865,000</u> | <u>545,700</u> | <u>3,410,700</u> |