

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Basic Financial Statements

Other Supplementary Information

Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

January 16, 2023

Members of the Board of Education
Sandridge School District 172
Chicago Heights, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandridge School District 172, Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sandridge School District 172 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 Sandridge School District 172, Illinois, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with modified cash basis of accounting as described in Note 1.

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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandridge School District 172, Illinois’ basic financial statements. The other supplementary information and supplemental schedules 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 and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Statement of Net Position - Modified Cash Basis

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	<u>\$ 9,600,592</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	830,561
Depreciable	12,623,207
Accumulated Depreciation	<u>(6,624,424)</u>
Total Noncurrent Assets	<u>6,829,344</u>
Total Assets	<u>16,429,936</u>
LIABILITIES	
Current Liabilities	
General Obligation Bonds Payable	100,000
Noncurrent Liabilities	
General Obligation Bonds Payable	<u>1,340,000</u>
Total Liabilities	<u>1,440,000</u>
NET POSITION	
Net Investment in Capital Assets	5,389,344
Restricted	
Student Activities	15,457
Tort	23,742
Working Cash	435,408
Operations and Maintenance	505,796
Transportation	766,798
Municipal Retirement/Social Security	151,028
Debt Service	347,280
Capital Projects	160,751
Fire Prevention and Safety	11,892
Unrestricted	<u>7,182,440</u>
Total Net Position	<u>14,989,936</u>

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2022**

	Expenses	Program Revenues		(Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues Governmental Activities
Governmental Activities				
Instruction	\$ 2,129,627	2,554	377,603	(1,749,470)
Support Services	2,506,651	10,911	459,407	(2,036,333)
Community Services	678	—	—	(678)
Payments to Other Districts/Govts.	313,518	—	—	(313,518)
State Retirement Contributions	932,671	—	932,671	—
Interest on Long-Term Debt	58,043	—	—	(58,043)
Total Governmental Activities	5,941,188	13,465	1,769,681	(4,158,042)
General Revenues				
Taxes				
Property Taxes				2,543,574
Personal Property Replacement Taxes				86,794
State Aid-Formula Grants				2,674,834
Investment Income				104,534
Other General Revenues				506,087
				<u>5,915,823</u>
Change in Net Position				1,757,781
Net Position - Beginning				<u>13,232,155</u>
Net Position - Ending				<u><u>14,989,936</u></u>

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Balance Sheet - Modified Cash Basis - Governmental Funds

June 30, 2022

	Special Revenue				Totals
	General	Operations and Maintenance	Transportation	Nonmajor	
ASSETS					
Cash and Investments	\$ 7,657,047	505,796	766,798	670,951	9,600,592
LIABILITIES					
None	—	—	—	—	—
FUND BALANCES					
Restricted	474,607	505,796	766,798	670,951	2,418,152
Unassigned	7,182,440	—	—	—	7,182,440
Total Fund Balances	7,657,047	505,796	766,798	670,951	9,600,592
Total Liabilities and Fund Balances	7,657,047	505,796	766,798	670,951	9,600,592

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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

June 30, 2022

Total Governmental Fund Balances	\$ 9,600,592
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.	6,829,344
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	<u>(1,440,000)</u>
Net Position of Governmental Activities	<u><u>14,989,936</u></u>

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis -
Governmental Funds**

For the Fiscal Year Ended June 30, 2022

	General	Special Revenue			Totals
		Operations and Maintenance	Transportation	Nonmajor	
Revenues					
Local Sources					
Property Taxes	\$ 2,107,403	170,598	37,920	227,653	2,543,574
Personal Property					
Replacement Taxes	85,394	—	—	1,400	86,794
Investment Income	97,334	—	—	7,200	104,534
Transportation-Pupils	—	—	49,939	—	49,939
Other Revenue From					
Local Sources	72,960	—	—	—	72,960
State Sources	2,508,044	200,000	33,404	—	2,741,448
Federal Sources	1,143,144	—	—	23,905	1,167,049
On-Behalf Payments - State of Illinois	932,671	—	—	—	932,671
Total Revenues	6,946,950	370,598	121,263	260,158	7,698,969
Expenditures					
Instruction	1,885,803	—	—	21,507	1,907,310
Support Services	1,795,484	592,904	151,894	66,289	2,606,571
Community Services	678	—	—	—	678
Payments to Other Districts and Govt. Units	313,518	—	—	—	313,518
Debt Service					
Principal Retirement	—	—	—	95,000	95,000
Interest and Fiscal Charges	—	—	—	58,043	58,043
On-Behalf Expenditures	932,671	—	—	—	932,671
Total Expenditures	4,928,154	592,904	151,894	240,839	5,913,791
Net Change in Fund Balances	2,018,796	(222,306)	(30,631)	19,319	1,785,178
Fund Balances - Beginning	5,638,251	728,102	797,429	651,632	7,815,414
Fund Balances - Ending	7,657,047	505,796	766,798	670,951	9,600,592

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,785,178

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	219,629
Depreciation Expense	(342,026)

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.

Retirement of Long-Term Debt	<u>95,000</u>
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Changes in Net Position of Governmental Activities 1,757,781

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sandridge School District 172, Illinois (the “District”) operates as a public-school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended.

The basic financial statements of the District have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the District’s accounting policies are described below.

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.

The District is a member of the Special Education Co-op of South Cook County (SPEED) Joint Agreement No. 802, along with other area school districts. The District’s pupils benefit from programs administered under this joint agreement, and the District benefits from jointly administered grants and programming. SPEED is a jointly governed organization in which the District has no ongoing financial interest. Financial information may be obtained directly from SPEED at 1125 Division Street, Chicago Heights, Illinois 60411.

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. 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.).

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

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.

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 local property taxes and state government aid. The General Fund is a major fund and is comprised of the Educational Account, Tort Account and Working Cash Account.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds - Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds. The District maintains two major special revenue funds. The Operations and Maintenance Fund is used to account for expenditures made for repairs and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes and state grants. The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants. Additionally, the District maintains the Municipal Retirement/Social Security Fund, a nonmajor special revenue fund.

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 Debt Service Fund is a nonmajor fund.

Capital Projects Funds are 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. The District maintains two nonmajor capital projects funds.

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

The government-wide financial statements are reported using the economic measurement focus within the limitations of the modified cash basis of accounting.

Governmental fund and financial statements are reported using a “current financial resources” measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities 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 used fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives 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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

The financial statements are presented using the modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis recognizes assets, liabilities, net position, receipts, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not result from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. The total OPEB liability as calculated under GASB 75 has not been recorded, and pension expense in the financial statements represents cash paid during the year rather than the amount calculated under GASB 75. Lastly, the net pension liability as calculated under GASB 68 has not been recorded, and pension expense in the financial statements represents cash paid during the year rather than the amount calculated under GASB 68.

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

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.

ASSETS, LIABILITIES, AND NET POSITION

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and 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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 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:

Improvements Other Than Buildings	20 Years
Buildings	50 Years
Equipment	10 Years

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET POSITION - Continued

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.

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 “investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general-purpose financial statements:

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

6. The District has adopted a legal budget for the General Fund, Transportation Fund, Operations and Maintenance, Municipal Retirement/Social Security Fund, and Debt Service Fund. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. All budget appropriations lapse at the end of the fiscal year.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts in the Educational Accounts of the General Fund.

During the fiscal year ended June 30, 2022, no supplemental budget appropriations were made.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN AN INDIVIDUAL FUND

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

Fund	Excess
Debt Service	\$ 1,043

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS UNDER THE CUSTODY OF THE TOWNSHIP TREASURER

Under the Illinois Compiled Statutes, the Bloom 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.

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 and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

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

The Treasurer's investment policies are established by the Bloom 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 0.92 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 \$696,721,189 and the fair value of the District's proportionate share of the pool was \$9,580,690.

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

	Carrying Value	Bank Balance
Deposits with Financial Institutions	\$ 19,902	19,902

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy states the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered. The District's may invest public funds according to Chapter 30, Section 235 of the Illinois Compiled Statutes.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

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

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2022, the bank balance of the District's deposits with financial institutions totaled \$19,902; this entire amount was insured through FDIC insurance.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Investment Officer to meet the Districts ongoing need for safety, liquidity, and rate of return.

PROPERTY TAXES

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of the real property on January 1 in any years is liable for taxes of that year.

Property taxes are collected by the County Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments the following year: the first due on March 1 and the second due on August 1. Property taxes are normally collected by the District within 30 days of the respective installment dates. The portion of the 2021 levy received after June 30, 2021, and the portion of the 2021 levy received on or before June 30, 2022, are reported as income during fiscal year 2022.

PERSONAL PROPERTY REPLACEMENT TAXES

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 627,544	—	—	627,544
Construction in Progress	—	203,017	—	203,017
	<u>627,544</u>	<u>203,017</u>	<u>—</u>	<u>830,561</u>
Depreciable Capital Assets				
Improvements Other Than Buildings	398,330	—	—	398,330
Buildings	11,208,117	16,612	—	11,224,729
Equipment	1,000,148	—	—	1,000,148
	<u>12,606,595</u>	<u>16,612</u>	<u>—</u>	<u>12,623,207</u>
Less Accumulated Depreciation				
Improvements Other Than Buildings	379,480	2,997	—	382,477
Buildings	5,078,135	307,290	—	5,385,425
Equipment	824,783	31,739	—	856,522
	<u>6,282,398</u>	<u>342,026</u>	<u>—</u>	<u>6,624,424</u>
Total Net Depreciable Capital Assets	<u>6,324,197</u>	<u>(325,414)</u>	<u>—</u>	<u>5,998,783</u>
Total Net Capital Assets	<u>6,951,741</u>	<u>(122,397)</u>	<u>—</u>	<u>6,829,344</u>

Depreciation expense was charged to governmental activities as follows:

Instructional	\$ 222,317
Support Services	<u>119,709</u>
	<u>342,026</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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 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
Taxable General Obligation Limited Tax School Bonds of 2013 - Due in annual installment of \$85,000 to \$95,000 plus semi-annual interest at 3.83% through December 1, 2022.	\$ 180,000	—	95,000	85,000
Taxable General Obligation Limited Tax School Bonds of 2016A - Due in annual installment of \$65,000 to \$120,000 plus semi-annual interest at 3.90% through December 1, 2034.	1,300,000	—	—	1,300,000
Taxable General Obligation Limited Tax School Bonds of 2016B - Due in annual installments of \$15,000 to \$40,000 plus semi-annual interest at 4.125% through December 1, 2023.	55,000	—	—	55,000
	<u>1,535,000</u>	<u>—</u>	<u>95,000</u>	<u>1,440,000</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

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					
General Obligation Bonds	\$ 1,535,000	—	95,000	1,440,000	100,000

The general obligation bonds are being liquidated by the Debt Service Fund.

Debt Service Requirements to Maturity

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

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2023	\$ 100,000	54,287
2024	105,000	50,258
2025	110,000	46,020
2026	110,000	41,730
2027	110,000	37,440
2028	110,000	33,150
2029	115,000	28,763
2030	115,000	24,278
2031	115,000	19,793
2032	120,000	15,210
2033	120,000	10,530
2034	120,000	5,850
2035	90,000	1,755
Totals	<u>1,440,000</u>	<u>369,064</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Legal Debt Margin

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. At year-end the legal debt margin is as follows:

Assessed Valuation - 2021	<u>\$ 66,936,463</u>
Legal Debt Limit - 6.9% of Assessed Value	4,618,616
Amount of Debt Applicable to Limit	<u>(1,440,000)</u>
Legal Debt Margin	<u>3,178,616</u>

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 Board of Education; 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 Board of Education's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Education itself or b) a body or official to which the Board of Education 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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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.

Minimum Fund Balance Policy. The District's policy manual states that the General Fund should maintain a minimum fund balance equal to 20% of the fiscal year's operating revenues.

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

	General	Special Revenue			Totals
		Operations and Maintenance	Transportation	Nonmajor	
Fund Balances					
Restricted					
Student Activities	\$ 15,457	—	—	—	15,457
Tort	23,742	—	—	—	23,742
Working Cash	435,408	—	—	—	435,408
Operations and Maintenance	—	505,796	—	—	505,796
Transportation	—	—	766,798	—	766,798
Municipal Retirement/ Social Security	—	—	—	151,028	151,028
Debt Service	—	—	—	347,280	347,280
Capital Projects	—	—	—	160,751	160,751
Fire Prevention and Life Safety	—	—	—	11,892	11,892
	<u>474,607</u>	<u>505,796</u>	<u>766,798</u>	<u>670,951</u>	<u>2,418,152</u>
Unassigned	7,182,440	—	—	—	7,182,440
	<u>7,657,047</u>	<u>505,796</u>	<u>766,798</u>	<u>670,951</u>	<u>9,600,592</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATION

Net investment in capital assets was comprised of the following as of the year-end:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 6,829,344
Less Capital Related Debt:	
General Obligation Bonds	<u>(1,440,000)</u>
Net Investment in Capital Assets	<u>5,389,344</u>

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 omissions; natural disasters; and injuries to the District's employees. The District has joined together with other school districts in the State to form the Illinois School District Agency Property Casualty Pool, a public entity risk pool, currently operating as a common risk management and insurance program for 93 members. The District pays premiums to the pool for its general insurance coverage. The formation agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$250,000 for property and \$500,000 for general liability for each insured event.

The District has joined together with other school districts in the State of Illinois to form Workers' Compensation Self-Insurance Trust (WCSIT), a public entity risk pool currently operating as a common risk management and insurance program for 118 members. The District pays premiums to WCSIT for workers' compensation coverage. WCSIT is reinsured through a commercial company for claims in excess of \$500,000 for each insured event.

The District has purchased insurance from private insurance companies for all other risks of loss. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

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 attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES - Continued

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.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Post-Retirement Health Plan

The District has evaluated its potential other postemployment benefits liability. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. Based upon a review of census data and plan provisions, as well as minimal utilization rates, it has been determined that any liability is immaterial to the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Additionally, the District provides no explicit benefit. Therefore, the District has not recorded a liability as of June 30, 2022.

Teachers' Health Insurance Security Fund

General Information

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Teachers' Health Insurance Security Fund - Continued

General Information - Continued

On Behalf Contributions to 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 \$17,627, and the District recognized revenues and expenditures of this amount during the year.

Employer Contributions to 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 \$13,122 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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - 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	\$ 1,786,293	1,486,920	1,249,722

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - 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	\$ 1,190,397	1,486,920	1,889,851

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 30, 2021, the District's proportion was 0.006742 percent, which was a decrease of 0.000226 from its proportion measured as of June 30, 2020. 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	\$ 1,486,920
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>2,016,004</u>
Total	<u><u>3,502,924</u></u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - 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 expenditures of \$17,627 for support provided by the State. For the year ending June 30, 2022, the District recognized OPEB expense of \$13,122. 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	\$ —	(69,556)	(69,556)
Net Difference Between Projected and Actual Earnings on Pension Investments		(556,272)	(556,272)
Changes of Assumptions	23	(29)	(6)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	72,372	(401,834)	(329,462)
Total Pension Expense to be Recognized in Future Periods	72,395	(1,027,691)	(955,296)
Employer Contributions Subsequent to the Measurement Date	13,122	—	13,122
Totals	<u>85,517</u>	<u>(1,027,691)</u>	<u>(942,174)</u>

\$13,122 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and before the end of the fiscal year would be included as a reduction of the collective net OPEB liability in the year ending June 30, 2023, under the GAAP basis of accounting. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in the District's OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (179,277)
2024	(179,262)
2025	(155,208)
2026	(118,961)
2027	(109,421)
Thereafter	<u>(213,167)</u>
Total	<u>(955,296)</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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.

Teachers' Retirement System

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.

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Benefits Provided - Continued

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 \$915,044 in pension contributions from the State. For the year ended June 30, 2021, the employer recognized revenue and expenditures of \$1,508,238 in pension contributions from the State.

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 \$10,150 and are deferred because they were paid after the June 30, 2021 measurement date.

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Contributions - Continued

Federal and Special Trust Fund Contributions - Continued. 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 \$106,264 were paid from federal and special trust funds that required employer contributions of \$10,956, which was equal to the District's actual contributions. For the fiscal year ended June 30, 2021, 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.

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, \$4,438 for salary increases in excess of 3 percent and \$0 for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2021, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and made no payments 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	\$ 152,218
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>12,757,498</u>
Total	<u><u>12,909,716</u></u>

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 30, 2021, the employer's proportion was 0.0002 percent, which was no change from its proportion measured as of June 30, 2020.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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

For the year ended June 30, 2022, the employer recognized pension expense on a cash basis of accounting of \$915,044 and revenue of \$915,044 for support provided by the state. At June 30, 2022, the employer reported deferred outflows of resources and deterred 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	\$ 873	(628)	245
Net Difference Between Projected and Actual Earnings on Pension Investments	—	(10,210)	(10,210)
Changes of Assumptions	67	(752)	(685)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	—	(163,165)	(163,165)
Total Pension Expense to be Recognized in Future Periods	940	(174,755)	(173,815)
Employer Contributions Subsequent to the Measurement Date	22,316	—	22,316
Totals	<u>23,256</u>	<u>(174,755)</u>	<u>(151,499)</u>

\$22,316 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023, under the GAAP basis of accounting. Other amounts reported as deferred inflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (103,249)
2024	(50,392)
2025	(11,302)
2026	(7,541)
2027	(1,331)
Thereafter	<u>—</u>
Total	<u>(173,815)</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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

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:

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

Actuarial Assumptions - Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Total	<u>100.0%</u>	

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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Teachers' Retirement System - Continued

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	\$ 188,519	152,218	122,065

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*.

Illinois Municipal Retirement Fund

Plan Descriptions

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

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

Plan Descriptions - Continued

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

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

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

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

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	171
Inactive Plan Members Entitled to but not yet Receiving Benefits	64
Active Plan Members	<u>13</u>
Total	<u><u>248</u></u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

Plan Descriptions - Continued

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 4.97% 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%

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:

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	(0.85%)
Domestic Equities	39.00%	2.85%
International Equities	15.00%	3.85%
Real Estate	10.00%	4.05%
Blended	10.00%	0.70% - 4.80%
Cash and Cash Equivalents	1.00%	(1.45%)

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 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 project 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.

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 (Asset)	\$ (358,849)	(597,563)	(782,797)

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

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	\$ 1,929,610	2,271,525	(341,915)
Changes for the Year:			
Service Cost	47,270	—	47,270
Interest on the Total Pension Liability	140,585	—	140,585
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	—	—	—
Changes of Assumptions	(37,056)	—	(37,056)
Contributions - Employer	—	31,342	(31,342)
Contributions - Employees	—	21,711	(21,711)
Net Investment Income	—	366,303	(366,303)
Benefit Payments, Including Refunds of Employee Contributions	(28,292)	(28,292)	—
Other (Net Transfer)	—	(12,909)	12,909
Net Changes	122,507	378,155	(255,648)
Balances at December 31, 2021	2,052,117	2,649,680	(597,563)

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 \$23,695 on a cash basis. At June 30, 2022, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Notes to the Financial Statements

June 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

RETIREMENT SYSTEMS - Continued

Illinois Municipal Retirement Fund - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ —	—	—
Changes of Assumptions	—	—	—
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	—	(263,315)	(263,315)
Total Pension Expense to be Recognized in Future Periods	—	(263,315)	(263,315)
Pension Contributions Made Subsequent to the Measurement Date	10,212	—	10,212
Total Deferred Amounts Related to Pensions	10,212	(263,315)	(253,103)

\$10,212 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023, under the GAAP basis of accounting. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (59,045)
2024	(99,122)
2025	(64,912)
2026	(40,236)
2027	—
Thereafter	—
Total	(263,315)

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.

- 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
- Combining Statements - General Fund Accounts
- Budgetary Comparison Schedule - General Fund Accounts
- Budgetary Comparison Schedule - Major Governmental Fund
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor 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. The General Fund includes the Educational Account, Tort Account, and Working Cash Account.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Operations and Maintenance Fund

The Operations and Maintenance Fund is used to account for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes and state grants.

Transportation Fund

The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund

The Municipal Retirement/Social Security Fund is used to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

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.

INDIVIDUAL FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are 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.

Capital Projects Fund

The Capital Project Fund is used to account for the financial resources to be used for the acquisition or construction of, and/or addition to, major capital facilities.

Fire Prevention and Safety Fund

The Fire Prevention and Safety Fund is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

**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	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A	N/A
2021	16,100	16,100	—	1,750,035	0.92%
2022	13,122	13,122	—	1,958,552	0.67%

Note:

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

N/A - Data is not available

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

**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.

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Teacher's Health Insurance Security Fund

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

June 30, 2022

See Following Page

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Teacher's Health Insurance Security Fund

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

June 30, 2022

	6/30/18	6/30/19	6/30/20	6/30/21
Employer's Proportion of the Net OPEB Liability	N/A	N/A	N/A	0.0070%
Employer's Proportionate Share of the Net OPEB Liability	\$ N/A	N/A	N/A	1,863,065
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	N/A	N/A	N/A	2,524,001
Total	N/A	N/A	N/A	4,387,066
Employer's Covered Payroll	\$ N/A	N/A	N/A	1,750,035
Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll	N/A	N/A	N/A	106.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A	N/A	0.70%

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.

N/A - Data is not available

6/30/22

0.6742%

1,486,920

2,016,004

3,502,924

1,958,552

75.92%

1.40%

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Teachers' Retirement System

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

	<u>6/30/17</u>
Employer's Proportion of the Net Pension Liability	N/A
Employer's Proportionate Share of the Net Pension Liability	\$ N/A
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>N/A</u>
Total	<u><u>N/A</u></u>
Employer's Covered Payroll	\$ N/A
Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A
Contractually-Required Contribution	\$ N/A
Contributions in Relation to the Contractually Required Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	<u><u>N/A</u></u>
Employer's Covered Payroll	\$ N/A
Contributions as a % of Covered Payroll	N/A

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 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.

N/A - Data is not available

6/30/18	6/30/19	6/30/20	6/30/21
N/A	N/A	0.0002%	0.0002%
N/A	N/A	180,807	152,218
N/A	N/A	14,161,774	12,757,498
N/A	N/A	14,342,581	12,909,716
N/A	N/A	1,750,035	1,958,552
N/A	N/A	10.33%	7.77%
N/A	N/A	37.80%	0.00%
N/A	N/A	10,150	10,150
N/A	N/A	10,376	10,956
N/A	N/A	226	806
N/A	N/A	1,750,035	1,958,552
N/A	N/A	0.59%	0.56%

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

**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
2018	\$ 39,168	\$ 39,168	\$ —	\$ 488,385	8.02%
2019	35,771	35,771	—	486,297	7.36%
2020	33,340	33,340	—	496,892	6.71%
2021	31,631	31,631	—	480,276	6.59%
2022	23,695	23,695	—	476,892	4.97%

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.

Illinois Municipal Retirement Fund

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

June 30, 2022

See Following Page

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Illinois Municipal Retirement Fund

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

June 30, 2022

	<u>12/31/17</u>
Total Pension Liability	
Service Cost	\$ 48,586
Interest	110,509
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	51,117
Change of Assumptions	(47,493)
Benefit Payments, Including Refunds of Member Contributions	(17,864)
Net Change in Total Pension Liability	<u>144,855</u>
Total Pension Liability - Beginning	<u>1,458,097</u>
Total Pension Liability - Ending	<u><u>1,602,952</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 39,170
Contributions - Members	21,870
Net Investment Income	239,571
Benefit Payments, Including Refunds of Member Contributions	(17,864)
Other (Net Transfer)	(12,392)
Net Change in Plan Fiduciary Net Position	<u>270,355</u>
Plan Net Position - Beginning	<u>1,420,629</u>
Plan Net Position - Ending	<u><u>1,690,984</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ (88,032)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.49%
Covered Payroll	\$ 485,995
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(18.11%)

Notes:

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

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2014, 2017, 2018, and 2020. Changes in assumptions related to the demographics were made in 2017.

12/31/18	12/31/19	12/31/20	12/31/21
51,383	51,151	51,866	47,270
121,339	126,393	136,110	140,585
—	—	—	—
(77,833)	(10,884)	(79,045)	(37,056)
54,366	—	(10,639)	—
(21,575)	(25,704)	(40,270)	(28,292)
127,680	140,956	58,022	122,507
1,602,952	1,730,632	1,871,588	1,929,610
1,730,632	1,871,588	1,929,610	2,052,117
39,165	32,378	34,302	31,342
22,116	21,682	23,082	21,711
(71,840)	292,695	267,912	366,303
(21,575)	(25,704)	(40,270)	(28,292)
6,027	(2,172)	2,743	(12,909)
(26,107)	318,879	287,769	378,155
1,690,984	1,664,877	1,983,756	2,271,525
1,664,877	1,983,756	2,271,525	2,649,680
65,755	(112,168)	(341,915)	(597,563)
96.20%	105.99%	117.72%	129.12%
490,774	481,819	511,964	482,181
13.40%	(23.28%)	(66.78%)	(123.93%)

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Property Taxes	\$ 1,722,000	1,722,000	2,107,403	385,403
Personal Property				
Replacement Taxes	25,000	25,000	85,394	60,394
Investment Income	75,000	75,000	97,334	22,334
Other	3,250	3,250	72,960	69,710
State Sources	2,633,526	2,633,526	2,508,044	(125,482)
Federal Sources	901,403	901,403	1,143,144	241,741
On-Behalf Payments				
State of Illinois	—	—	932,671	932,671
Total Revenues	<u>5,360,179</u>	<u>5,360,179</u>	<u>6,946,950</u>	<u>1,586,771</u>
Expenditures				
Instruction	2,248,450	2,248,450	1,885,803	362,647
Support Services	1,986,502	1,986,502	1,795,484	191,018
Community Services	—	—	678	(678)
Payments to Other Districts and Government Units	215,000	215,000	313,518	(98,518)
On Behalf Payments	—	—	932,671	(932,671)
Total Expenditures	<u>4,449,952</u>	<u>4,449,952</u>	<u>4,928,154</u>	<u>(478,202)</u>
Net Change in Fund Balances	<u>910,227</u>	<u>910,227</u>	2,018,796	<u>1,108,569</u>
Fund Balance - Beginning			<u>5,638,251</u>	
Fund Balances - Ending			<u>7,657,047</u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

General Fund - by Accounts

Combining Balance Sheet - Modified Cash Basis

June 30, 2022

	Educational Account	Tort Account	Working Cash Account	Totals
ASSETS				
Cash and Investments	\$ 7,197,897	23,742	435,408	7,657,047
LIABILITIES				
None	—	—	—	—
FUND BALANCES				
Restricted	15,457	23,742	435,408	474,607
Unassigned	7,182,440	—	—	7,182,440
Total Fund Balances	7,197,897	23,742	435,408	7,657,047
Total Liabilities and Fund Balances	7,197,897	23,742	435,408	7,657,047

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

General Fund - by Accounts

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

	Educational	Tort Account	Working Cash	Totals
Revenues				
Local Sources				
Property Taxes	\$ 2,077,676	—	29,727	2,107,403
Personal Property Replacement Taxes	85,394	—	—	85,394
Investment Income	96,789	545	—	97,334
Other	72,960	—	—	72,960
State Sources	2,508,044	—	—	2,508,044
Federal Sources	1,143,144	—	—	1,143,144
On-Behalf Payments - State of Illinois	932,671	—	—	932,671
Total Revenues	<u>6,916,678</u>	<u>545</u>	<u>29,727</u>	<u>6,946,950</u>
Expenditures				
Instruction	1,885,803	—	—	1,885,803
Support Services	1,795,484	—	—	1,795,484
Community Services	678	—	—	678
Payments to Other Districts and Government	313,518	—	—	313,518
On-Behalf Expenditures	932,671	—	—	932,671
Total Expenditures	<u>4,928,154</u>	<u>—</u>	<u>—</u>	<u>4,928,154</u>
Net Change in Fund Balance	1,988,524	545	29,727	2,018,796
Fund Balance - Beginning	<u>5,209,373</u>	<u>23,197</u>	<u>405,681</u>	<u>5,638,251</u>
Fund Balances - Ending	<u><u>7,197,897</u></u>	<u><u>23,742</u></u>	<u><u>435,408</u></u>	<u><u>7,657,047</u></u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 1,722,000	1,722,000	2,077,676	355,676
Replacement Taxes	25,000	25,000	85,394	60,394
Investment Income	75,000	75,000	96,789	21,789
District/School Activity Income	500	500	10,911	10,411
Textbooks	2,500	2,500	2,554	54
Other Local Revenues	250	250	59,495	59,245
Total Local Sources	<u>1,825,250</u>	<u>1,825,250</u>	<u>2,332,819</u>	<u>507,569</u>
State Sources				
Evidence Based Funding	2,588,526	2,588,526	2,474,834	(113,692)
Special Education				
Private Facility Tuition	10,000	10,000	1,109	(8,891)
State Fee Lunch and Breakfast	30,000	30,000	5,300	(24,700)
Other Restricted Revenue	5,000	5,000	26,801	21,801
Total State Sources	<u>2,633,526</u>	<u>2,633,526</u>	<u>2,508,044</u>	<u>(125,482)</u>
Federal Sources				
National School Lunch Program	115,000	115,000	224,808	109,808
School Breakfast Program	28,000	28,000	119,056	91,056
Title I - Low Income	166,889	166,889	245,171	78,282
Title I - Low Income - Neglected, Private	—	—	15,630	15,630
Federal - Special Education				
Preschool Flow-Through	5,423	5,423	17,959	12,536
IDEA Flow-Through	92,045	92,045	97,734	5,689
Title II - Teacher Quality	31,623	31,623	39,423	7,800
Medicaid Matching Funds				
Fee-For-Service Program	40,000	40,000	13,511	(26,489)
Other Restricted Revenues	422,423	422,423	369,852	(52,571)
Total Federal Sources	<u>901,403</u>	<u>901,403</u>	<u>1,143,144</u>	<u>241,741</u>
Total Direct Revenues	<u>5,360,179</u>	<u>5,360,179</u>	<u>5,984,007</u>	<u>623,828</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - Continued				
On-Behalf Payments	\$ —	—	932,671	932,671
Total Revenues	5,360,179	5,360,179	6,916,678	1,556,499
Expenditures				
Instruction				
Regular Programs				
Salaries	1,416,300	1,416,300	1,207,652	208,648
Employee Benefits	268,602	268,602	195,274	73,328
Purchased Services	38,500	38,500	33,261	5,239
Supplies and Materials	274,283	274,283	194,839	79,444
	1,997,685	1,997,685	1,631,026	366,659
Special Education Programs				
Salaries	209,000	209,000	208,420	580
Employee Benefits	41,765	41,765	39,603	2,162
	250,765	250,765	248,023	2,742
Student Activity Fund				
Other Objects	—	—	6,754	(6,754)
Total Instruction	2,248,450	2,248,450	1,885,803	362,647
Support Services				
Pupils				
Attendance and Social Work Services				
Salaries	48,000	48,000	35,466	12,534
Employee Benefits	10,082	10,082	5,738	4,344
	58,082	58,082	41,204	16,878

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Pupils - Continued				
Guidance Services				
Purchased Services	\$ 2,259	2,259	2,259	—
Health Services				
Salaries	50,400	50,400	50,396	4
Employee Benefits	9,257	9,257	9,249	8
Purchased Services	85,700	85,700	66,675	19,025
Supplies and Materials	2,200	2,200	1,642	558
	<u>147,557</u>	<u>147,557</u>	<u>127,962</u>	<u>19,595</u>
Psychological Services				
Salaries	—	—	19,523	(19,523)
Purchased Services	30,000	30,000	11,843	18,157
	<u>30,000</u>	<u>30,000</u>	<u>31,366</u>	<u>(1,366)</u>
Speech Pathology and Audiology Services				
Salaries	77,791	77,791	77,791	—
Employee Benefits	10,427	10,427	10,222	205
	<u>88,218</u>	<u>88,218</u>	<u>88,013</u>	<u>205</u>
Other Support Services - Pupils				
Salaries	200,000	200,000	88,926	111,074
Employee Benefits	46,840	46,840	18,362	28,478
	<u>246,840</u>	<u>246,840</u>	<u>107,288</u>	<u>139,552</u>
Total Pupils	<u>572,956</u>	<u>572,956</u>	<u>398,092</u>	<u>174,864</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Instructional Staff				
Improvement of Instructional Services				
Salaries	\$ 13,000	13,000	(34,615)	47,615
Purchased Services	45,115	45,115	33,830	11,285
	<u>58,115</u>	<u>58,115</u>	<u>(785)</u>	<u>58,900</u>
Educational Media Services				
Purchased Services	20,500	20,500	60,166	(39,666)
Assessment and Testing				
Purchased Services	4,343	4,343	16,923	(12,580)
Supplies and Materials	—	—	1,336	(1,336)
	<u>4,343</u>	<u>4,343</u>	<u>18,259</u>	<u>(13,916)</u>
Total Instructional Staff	<u>82,958</u>	<u>82,958</u>	<u>77,640</u>	<u>5,318</u>
General Administration				
Board of Education Services				
Employee Benefits	1,200	1,200	760	440
Purchased Services	171,003	171,003	153,005	17,998
Supplies and Materials	4,000	4,000	1,675	2,325
Other Objects	20,000	20,000	20,470	(470)
	<u>196,203</u>	<u>196,203</u>	<u>175,910</u>	<u>20,293</u>
Executive Administration Services				
Salaries	210,000	210,000	207,309	2,691
Employee Benefits	42,628	42,628	40,704	1,924
Purchased Services	1,500	1,500	568	932
Supplies and Materials	1,500	1,500	700	800
Other Objects	2,000	2,000	1,708	292
	<u>257,628</u>	<u>257,628</u>	<u>250,989</u>	<u>6,639</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
General Administration - Continued				
Special Area Administration Services				
Salaries	\$ 110,000	110,000	109,426	574
Purchased Services	250	250	130	120
Employee Benefits	20,946	20,946	27,711	(6,765)
Supplies and Materials	500	500	102	398
Other Objects	500	500	210	290
	<u>132,196</u>	<u>132,196</u>	<u>137,579</u>	<u>(5,383)</u>
 Total General Administration	 <u>586,027</u>	 <u>586,027</u>	 <u>564,478</u>	 <u>21,549</u>
 School Administration				
Office of the Principal Services				
Salaries	153,000	153,000	154,312	(1,312)
Employee Benefits	49,933	49,933	49,104	829
Supplies and Materials	2,000	2,000	3,166	(1,166)
Other Objects	6,000	6,000	2,723	3,277
	<u>210,933</u>	<u>210,933</u>	<u>209,305</u>	<u>1,628</u>
 Total School Administration	 <u>210,933</u>	 <u>210,933</u>	 <u>209,305</u>	 <u>1,628</u>
 Business				
Fiscal Services				
Salaries	139,000	139,000	131,831	7,169
Employee Benefits	20,336	20,336	18,003	2,333
	<u>159,336</u>	<u>159,336</u>	<u>149,834</u>	<u>9,502</u>
 Operations and Maintenance of Plant Services				
Salaries	44,000	44,000	44,219	(219)
Employee Benefits	10,169	10,169	10,141	28
	<u>54,169</u>	<u>54,169</u>	<u>54,360</u>	<u>(191)</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Business - Continued				
Food Services				
Salaries	\$ 52,000	52,000	55,849	(3,849)
Employee Benefits	7,223	7,223	7,208	15
Purchased Services	164,000	164,000	229,999	(65,999)
Supplies and Materials	4,000	4,000	2,233	1,767
	<u>227,223</u>	<u>227,223</u>	<u>295,289</u>	<u>(68,066)</u>
 Total Business	 <u>440,728</u>	 <u>440,728</u>	 <u>499,483</u>	 <u>(58,755)</u>
 Central				
Information Services				
Purchased Services	50,000	50,000	28,031	21,969
Supplies and Materials	39,000	39,000	16,268	22,732
	<u>89,000</u>	<u>89,000</u>	<u>44,299</u>	<u>44,701</u>
 Staff Services				
Purchased Services	3,900	3,900	2,187	1,713
	<u>3,900</u>	<u>3,900</u>	<u>2,187</u>	<u>1,713</u>
 Total Central	 <u>92,900</u>	 <u>92,900</u>	 <u>46,486</u>	 <u>46,414</u>
 Total Support Services	 <u>1,986,502</u>	 <u>1,986,502</u>	 <u>1,795,484</u>	 <u>191,018</u>
 Community Services				
Other Objects	—	—	678	(678)
	<u>—</u>	<u>—</u>	<u>678</u>	<u>(678)</u>
 Payments to Other				
Districts and Governmental Units				
Payments for Regular Programs				
Other Objects	40,000	40,000	87,844	(47,844)
	<u>40,000</u>	<u>40,000</u>	<u>87,844</u>	<u>(47,844)</u>
 Payments for Regular Programs - Tuition				
Other Objects	60,000	60,000	22,701	37,299
	<u>60,000</u>	<u>60,000</u>	<u>22,701</u>	<u>37,299</u>

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Educational Account - General Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Payments to Other				
Districts and Governmental Units				
Payments for Special				
Education Programs - Tuition				
Other Objects	\$ 115,000	115,000	202,973	(87,973)
Total Payments to Other Districts and Governmental Units	215,000	215,000	313,518	(98,518)
Total Direct Expenditures	4,449,952	4,449,952	3,995,483	454,469
On Behalf Payments	—	—	932,671	(932,671)
Total Expenditures	4,449,952	4,449,952	4,928,154	(478,202)
Net Change in Fund Balance	<u>910,227</u>	<u>910,227</u>	1,988,524	<u>1,078,297</u>
Fund Balance - Beginning			<u>5,209,373</u>	
Fund Balance - Ending			<u><u>7,197,897</u></u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Operations and Maintenance - Special Revenue Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 135,000	135,000	170,598	35,598
State Sources				
Evidence Based Funding	200,000	200,000	200,000	—
Total Revenues	<u>335,000</u>	<u>335,000</u>	<u>370,598</u>	<u>35,598</u>
Expenditures				
Support Services				
Business				
Facilities and Acquisition and Construction Services				
Capital Outlay	100,000	100,000	219,629	(119,629)
Operation and Maintenance of Plant Services				
Purchased Services	1,251,504	1,251,504	256,685	994,819
Supplies and Materials	216,000	216,000	116,590	99,410
Total Expenditures	<u>1,467,504</u>	<u>1,467,504</u>	<u>373,275</u>	<u>1,094,229</u>
Total Expenditures	<u>1,567,504</u>	<u>1,567,504</u>	<u>592,904</u>	<u>974,600</u>
Net Change in Fund Balance	<u>(1,232,504)</u>	<u>(1,232,504)</u>	(222,306)	<u>1,010,198</u>
Fund Balance - Beginning			<u>728,102</u>	
Fund Balance - Ending			<u>505,796</u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Transportation - Special Revenue Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 55,000	55,000	37,920	(17,080)
Transportation - Pupils	40,000	40,000	49,939	9,939
	<u>95,000</u>	<u>95,000</u>	<u>87,859</u>	<u>(7,141)</u>
State Sources				
Transportation - Special Education	80,000	80,000	33,404	(46,596)
	<u>175,000</u>	<u>175,000</u>	<u>121,263</u>	<u>(53,737)</u>
Expenditures				
Support Services				
Business				
Pupil Transport Services				
Purchased Services	209,000	209,000	151,894	57,106
Net Change in Fund Balance	<u>(34,000)</u>	<u>(34,000)</u>	(30,631)	<u>3,369</u>
Fund Balance - Beginning			<u>797,429</u>	
Fund Balance - Ending			<u><u>766,798</u></u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet - Modified Cash Basis

June 30, 2022

	<u>Special Revenue</u>	
	Municipal	Debt
	Retirement/ Social Security	Service
	<hr/>	
ASSETS		
Cash and Investments	\$ 151,028	347,280
	<hr/>	
LIABILITIES		
None	—	—
	<hr/>	
FUND BALANCES		
Restricted	151,028	347,280
	<hr/>	

Capital Projects		
Capital Projects	Fire Prevention and Safety	Totals
160,751	11,892	670,951
—	—	—
160,751	11,892	670,951

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Nonmajor Governmental Funds

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

	<u>Special Revenue</u>	
	Municipal Retirement/ Social Security	Debt Service
Revenues		
Local Sources		
Property Taxes	\$ 108,762	118,891
Personal Property Replacement Taxes	1,400	—
Investment Income	3,238	—
Federal Sources	—	23,905
Total Revenues	<u>113,400</u>	<u>142,796</u>
Expenditures		
Instruction	21,507	—
Support Services	66,289	—
Debt Service		
Principal Retirement	—	95,000
Interest and Fiscal Charges	—	58,043
Total Expenditures	<u>87,796</u>	<u>153,043</u>
Net Change in Fund Balances	25,604	(10,247)
Fund Balances - Beginning	<u>125,424</u>	<u>357,527</u>
Fund Balances - Ending	<u><u>151,028</u></u>	<u><u>347,280</u></u>

Capital Projects			
Capital Projects	Fire Prevention and Safety		Totals
—	—		227,653
—	—		1,400
3,689	273		7,200
—	—		23,905
3,689	273		260,158
—	—		21,507
—	—		66,289
—	—		95,000
—	—		58,043
—	—		240,839
3,689	273		19,319
157,062	11,619		651,632
160,751	11,892		670,951

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Municipal Retirement/Social Security - Special Revenue Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 35,500	35,500	38,890	3,390
FICA/Medicare Levy	67,000	67,000	69,872	2,872
Intergovernmental				
Replacement Taxes	1,400	1,400	1,400	—
Investment Income	—	—	3,238	3,238
Total Revenues	<u>103,900</u>	<u>103,900</u>	<u>113,400</u>	<u>9,500</u>
Expenditures				
Instruction - Employee Benefits				
Regular Programs	25,900	25,900	18,562	7,338
Special Education Programs	3,500	3,500	2,945	555
Total Instruction	<u>29,400</u>	<u>29,400</u>	<u>21,507</u>	<u>7,893</u>
Support Services - Employee Benefits				
Pupils	30,625	30,625	16,095	14,530
Instructional Staff	250	250	4,455	(4,205)
General Administration	7,150	7,150	8,143	(993)
School Administration	9,027	9,027	8,362	665
Business	34,004	34,004	29,234	4,770
Total Support Services	<u>81,056</u>	<u>81,056</u>	<u>66,289</u>	<u>14,767</u>
Total Expenditures	<u>110,456</u>	<u>110,456</u>	<u>87,796</u>	<u>22,660</u>
Net Change in Fund Balance	<u>(6,556)</u>	<u>(6,556)</u>	25,604	<u>32,160</u>
Fund Balance - Beginning			<u>125,424</u>	
Fund Balance - Ending			<u>151,028</u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Debt Service Fund

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

For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 103,000	103,000	118,891	15,891
Federal Sources				
Qualified School Construction Bond Credits	25,000	25,000	23,905	(1,095)
Total Revenues	<u>128,000</u>	<u>128,000</u>	<u>142,796</u>	<u>14,796</u>
Expenditures				
Debt Service				
Principal Retirement	90,000	90,000	95,000	(5,000)
Interest and Fiscal Charges	62,000	62,000	58,043	3,957
Total Expenditures	<u>152,000</u>	<u>152,000</u>	<u>153,043</u>	<u>(1,043)</u>
Net Change in Fund Balance	<u>(24,000)</u>	<u>(24,000)</u>	(10,247)	<u>13,753</u>
Fund Balance - Beginning			<u>357,527</u>	
Fund Balance - Ending			<u>347,280</u>	

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

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

CSFA #	Program Name	State	Federal	Other	Total
286-18-0407	National School Lunch Program	\$ —	224,808	—	224,808
586-18-0406	School Breakfast Program	—	119,056	—	119,056
586-44-0414	Title I - Low Income	—	155,862	—	155,862
586-44-1082	Title I - School Improvement & Accountability	—	30,000	—	30,000
586-64-0417	Fed. - Sp. Ed. - I.D.E.A. - Flow Through	—	61,635	—	61,635
586-57-0420	Special Ed - IDEA Preschool	—	7,959	—	7,959
586-43-0430	Title II - Teacher Quality	—	31,250	—	31,250
586-62-2402	Federal Programs - Emergency Relief	—	381,759	—	381,759
586-18-2330	Non-Cash Commodities	—	21,780	—	21,780
	All Other Costs Not Allocated	—	—	4,907,079	4,907,079
	Totals	—	1,034,109	4,907,079	5,941,188



**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 16, 2023

Members of the Board of Education
Sandridge School District 172
Chicago Heights, 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 Sandridge School District 172 (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, and have issued our report thereon dated January 16, 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. Accordingly, 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 SCHEDULES

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation Limited Tax School Bonds of 2013

June 30, 2022

Date of Issue	November 15, 2013
Date of Maturity	December 1, 2022
Authorized Issue	\$750,000
Denomination of Bonds	\$100,000
Interest Rate	3.83%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Harris Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 85,000	1,628	86,628

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation Limited Tax School Bonds of 2016A

June 30, 2022

Date of Issue	July 14, 2016
Date of Maturity	December 1, 2034
Authorized Issue	\$1,300,000
Denomination of Bonds	\$5,000
Interest Rate	3.90%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ —	50,700	50,700
2024	65,000	49,433	114,433
2025	110,000	46,020	156,020
2026	110,000	41,730	151,730
2027	110,000	37,440	147,440
2028	110,000	33,150	143,150
2029	115,000	28,763	143,763
2030	115,000	24,278	139,278
2031	115,000	19,793	134,793
2032	120,000	15,210	135,210
2033	120,000	10,530	130,530
2034	120,000	5,850	125,850
2035	90,000	1,755	91,755
	1,300,000	364,652	1,664,652
	1,300,000	364,652	1,664,652

SANDRIDGE SCHOOL DISTRICT 172, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation Limited Tax School Bonds of 2016B

June 30, 2022

Date of Issue	July 14, 2016
Date of Maturity	December 1, 2023
Authorized Issue	\$55,000
Denomination of Bonds	\$5,000
Interest Rate	4.125%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Amalgamated Bank of Chicago

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2023	\$ 15,000	1,959	16,959
2024	40,000	825	40,825
	<u>55,000</u>	<u>2,784</u>	<u>57,784</u>