



# Southwest Cook County Cooperative Association for Special Education

Oak Forest, IL

Annual Financial Report

Year Ended June 30, 2021

**WIPFLI**

# Southwest Cook County Cooperative Association for Special Education

Year Ended June 30, 2021

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# Southwest Cook County Cooperative Association for Special Education

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## **Independent Auditor's Report**

**To the Board of Directors  
Southwest Cook County Cooperative for Special Education  
Oak Forest, IL**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Southwest Cook County Cooperative Association for Special Education (the "Cooperative"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Southwest Cook County Cooperative Association for Special Education as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and employee retirement and postemployment benefit plan information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The combining and individual fund financial statements and schedules, schedule of expenditures, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other recorded used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining and individual fund financial statements and schedules, schedule of expenditures, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note I.

We have audited, in accordance with auditing standards generally accepted in the United States, the Cooperative's basic financial statements for the year ended June 30, 2020, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the Cooperative's basic financial statements as a whole. The schedules of revenues, expenditures disbursed and changes in fund balances - budget and actual, related to the 2020 financial statements are presented for the 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 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 with auditing procedures generally accepted in the United States. In our opinion, the 2020 schedules of revenues, expenditures and changes in fund balances - budget and actual are fairly stated in material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022 our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwest Cook County Cooperative Association for Special Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

*Wipfli, LLP*

**Aurora, Illinois  
April 13, 2022**

# Southwest Cook County Cooperative Association for Special Education

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

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This discussion and analysis of the financial performance of Southwest Cook County Cooperative Association for Special Education ("Cooperative") offers an overall review of the Cooperative's financial highlights for the fiscal year ended June 30, 2021. The management of the Cooperative encourages readers to consider this information in conjunction with the financial statements to enhance their understanding of the Cooperative's financial performance.

### Financial Highlights

- The assets and deferred outflows of resources of the Cooperative exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$768,979 (net position). The Cooperative's net position is made up of a net investment in capital assets of \$7,604,857 and an unrestricted deficit of \$(6,835,878).
- Net position of the Cooperative increased by \$225,942 during fiscal year 2021.
- Fund balance of the Cooperative's governmental funds decreased by \$119,218, resulting in an ending fund balance of \$7,533,943.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,289,578, or approximately 21.9% of General Fund expenditures. Unassigned fund balance represented 99.7% of total fund balance of the General Fund.

### Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Cooperative's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the Cooperative's Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the Cooperative's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

The statement of activities presents information showing how the net position of the Cooperative changed during the current fiscal year. Changes in net position are reported in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the Cooperative that are principally supported by tuition and intergovernmental revenues (governmental activities).

# Southwest Cook County Cooperative Association for Special Education

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

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The government-wide financial statements include only the activities of the Cooperative. The Cooperative has no component units; however, as of June 30, 2021.

The government-wide financial statements can be found on pages 13 - 14 of this report.

### **Fund Financial Statements**

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements for the Cooperative include governmental funds.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided in the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The Cooperative maintains two governmental funds. The General Fund is the Cooperative's primary operating fund.

The Transportation Fund, a special revenue fund type, is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be expended for specific purposes other than debt service or capital projects.

The Cooperative adopts an annual budget for the General Fund and the Transportation Fund. A budgetary comparison statement for both funds is included in the basic financial statements section of this report to demonstrate compliance with the adopted budget.

The fund financial statements can be found on pages 15 – 18 of this report.

### **Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 19 – 48 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Cooperative's employee retirement and postemployment benefit plans. This information can be found on pages 48 – 56 of this report.



# Southwest Cook County Cooperative Association for Special Education

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

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### **Government-wide Overall Financial Analysis**

The assets of the Cooperative are classified as cash, equity in pooled cash and investments, receivables, prepaid items, and capital assets. Current assets (cash, equity in pooled cash and investments, receivables, and prepaid items) are available to provide resources for the near-term operations of the Cooperative.

Capital assets are used in the operations of the Cooperative. These are land, construction in progress, buildings and improvements, equipment and vehicles. Capital assets are discussed in detail in the section titled, Capital Assets and Debt Administration, later in this analysis.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable and other current liabilities. Long-term liabilities include accrued vacation pay, the net pension liabilities, and the other postemployment benefits liabilities.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Southwest Cook County Cooperative  
Association for Special Education**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

The major components of the Cooperative's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2021 and 2020 are as follows:

Government-wide Net Position  
as of June 30, 2021 and 2020

	2021	2020
<b>Assets:</b>		
Current assets	\$ 8,343,921	\$ 10,323,120
Capital assets	7,604,857	7,829,452
Other assets	1,356,343	-
Total assets	17,305,121	18,152,572
<b>Deferred outflows of resources:</b>		
Deferred outflows of resources related to pensions	1,762,619	2,609,192
Deferred outflows of resources related to other postemployment benefits	1,701,298	1,420,036
Total deferred outflows of resources	3,463,917	4,029,228
<b>Liabilities:</b>		
Current liabilities	855,773	2,669,959
Noncurrent liabilities	12,712,825	13,531,047
Total liabilities	13,568,598	16,201,006
<b>Deferred inflows of resources:</b>		
Deferred inflows of resources related to pensions	4,184,585	3,886,607
Deferred inflows of resources related to other postemployment benefits	2,246,876	1,551,150
Total deferred inflows of resources	6,431,461	5,437,757
<b>Net position:</b>		
Net investment in capital assets	7,604,857	7,829,452
Unrestricted deficit	(6,835,878)	(7,286,415)
Total net position	\$ 768,979	\$ 543,037

# Southwest Cook County Cooperative Association for Special Education

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

### Government-wide Activities

#### Government-wide Changes in Net Position for the fiscal years ended June 30, 2021 and 2020

	2021	2020
Revenues		
Program Revenues:		
Charges for services	\$ 23,609,238	\$ 23,090,776
Operating grants and contributions	7,411,558	7,158,109
General revenues:		
Evidence based funding	1,790,523	1,790,523
Unrestricted investment earnings	95,406	186,142
Other income	253,953	562,236
Total revenues	33,160,678	32,787,786
Expenses:		
Governmental activities:		
Instruction	20,219,766	21,584,940
Pupil support	7,126,273	6,115,223
Other support	3,279,187	3,159,517
Transportation	35,514	278,170
Administration	2,094,515	2,090,936
Community service	1,254	991
Non-programmed charges	178,227	10,836
Total expenses	32,934,736	33,240,613
Change in net position	225,942	(452,827)
Net position at beginning of year	543,037	995,864
Net position at end of year	\$ 768,979	\$ 543,037

# Southwest Cook County Cooperative Association for Special Education

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

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Net position increased by \$225,942 during the fiscal year. This increase was primarily related to changes in the Cooperative's net pension liability and high school district payments for the Transition building that are embedded in the tuition.

### **Financial Analysis of the Cooperative's Funds**

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

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

As of June 30, 2021, the Cooperative's governmental funds reported an ending fund balance of \$7,533,943. Of this balance, \$7,289,578 was unassigned and available for spending at the Cooperative's discretion. Fund balance of the governmental funds decreased by \$119,218 during the year because of rising investment earnings, high school district payments reimbursing the transition building purchase, increasing Medicaid revenues and because the Cooperative continued to defer some anticipated facility improvements.

The fund balance of the General Fund was \$7,309,678 at the end of the fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Actual expenditures of the General Fund were \$33,292,773. The unassigned fund balance of \$7,289,578 represents 21.9% of expenditures.

### **General Fund Budgetary Highlights**

The original budget adopted by the Board was not amended during the year ended June 30, 2021.

General Fund revenues, excluding on behalf revenues, were \$2,970,161 lower than anticipated, which represents 9.6% of the budgeted amount.

General Fund expenditures, excluding on behalf expenditures, were \$2,099,092 less than anticipated, which represents 7.0% of the budgeted amount. Instruction and support services expenditures were lower than budgeted amounts because of conservative spending and a reduction of contractual services related to remote instruction.

The combination of these variances results in an overall negative variance of \$871,069 for the year.

**Southwest Cook County Cooperative  
Association for Special Education**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

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**Capital Assets and Debt Administration**

*Capital Assets*

The Cooperative's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$7,604,857. This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and vehicles. Capital assets decreased by \$224,595 during the current year. The costs of new equipment and improvements that were made to the Cooperative's facilities were offset by depreciation expense.

Government-wide Capital Assets (net of accumulated depreciation)  
June 30, 2021 and 2020

	2021	2020
Land	\$ 479,300	\$ 479,300
Construction in progress	72,808	109,477
Buildings	6,833,962	7,037,162
Vehicles	33,075	62,997
Equipment	185,712	140,516
Total capital assets	\$ 7,604,857	\$ 7,829,452

*Long-term Liabilities*

At June 30, 2021, the Cooperative had total long-term liabilities of \$11,402,277. This balance represents the amounts owed for the pension liabilities, compensated absences, and other postemployment benefits liabilities as of the end of the year.

Additional information on the Cooperative's capital assets and long-term liabilities can be found in the notes to the basic financial statements.

**Economic Factors and Next Year's Budget and Rates**

Unpredictable and insufficient revenue at the local member districts continues to affect the Cooperative. The budget for the year ending June 30, 2022 has been developed to continue all existing programs and improve as many programs as possible with an overall goal to minimize tuition increases from prior year levels.

# **Southwest Cook County Cooperative Association for Special Education**

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

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The following circumstances could provide significant financial challenges to the Cooperative and the districts served for the fiscal years to come:

- Member districts continue to struggle with the high cost of special education without adequate Federal or State reimbursement. The Cooperative's tuition and service rates must remain competitive or districts will consider other options.
- The Cooperative program enrollments continue to increase based on district demand. There have been staffing issues as our demand for paraeducators has outpaced applicants. Additionally, the capacities and configurations of Cooperative facilities may not match program enrollments.
- Local property tax revenue continues to be depressed. Low inflation has resulted in low growth in the extended tax levy. If the economy does improve, the Property Tax Extension Limitation Law significantly limits the amount of revenue that districts can collect. There continues to be discussion regarding tax freeze legislation. Financial difficulties at the member districts can potentially translate into cash flow problems for the Cooperative.
- Current economic uncertainty at the state level will continue to affect the timing of state receipts and funding levels in general. The new state funding formula does not currently account for enrollment increases at special education cooperatives. There continues to be discussion of legislation to shift the cost of TRS from the State to the local district level.

### **Requests for Information**

This financial report designed to provide a general overview of the Cooperative's finances for all those with an interest in the Cooperative. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Executive Director  
Southwest Cook County Cooperative Association for Special Education  
6020 West 151<sup>st</sup> Street  
Oak Forest, Illinois 60452

# **Basic Financial Statements**

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# Southwest Cook County Cooperative Association for Special Education

## Statement of Net Position

<i>June 30, 2021</i>	Governmental Activities
<b>Assets</b>	
Cash	\$ 4,977
Equity in pooled cash and investments	4,369,673
Receivables:	
Accounts receivable	3,518,117
Entitlements receivable	431,054
Other current assets	20,100
Capital assets not being depreciated:	
Land	479,300
Construction in progress	72,808
Capital assets net of accumulated depreciation:	
Buildings	6,833,962
Equipment and vehicles	218,787
Other assets	
Net pension asset	<u>1,356,343</u>
Total assets	<u>17,305,121</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources related to pensions	1,762,619
Deferred outflows of resources related to other postemployment benefits	<u>1,701,298</u>
Total deferred outflows of resources	<u>3,463,917</u>
<b>Liabilities:</b>	
Accounts payable	347,719
Accrued salaries payable	462,259
Noncurrent liabilities:	
Due within one year	45,795
Due in more than one year	<u>12,712,825</u>
Total liabilities	<u>13,568,598</u>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources related to pensions	4,184,585
Deferred inflows related to other postemployment benefits	<u>2,246,876</u>
Total deferred inflows of resources	<u>6,431,461</u>
<b>Net position</b>	
Net investment in capital assets	7,604,857
Unrestricted	<u>(6,835,878)</u>
Total net position	<u>\$ 768,979</u>

See accompanying notes to financial statements.



# Southwest Cook County Cooperative Association for Special Education

## Statement of Activities

<i>Year Ended June 30, 2021</i>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<b>Functions/programs:</b>				
Governmental activities:				
Instructional	\$ 20,219,766	\$ 23,609,238	\$ 7,229,785	\$ 10,619,257
Pupil support	7,126,273	-	-	(7,126,273)
Other support	3,279,187	-	-	(3,279,187)
Transportation	35,514	-	181,773	146,259
Administration	2,094,515	-	-	(2,094,515)
Community service	1,254	-	-	(1,254)
Non-programmed charges	<u>178,227</u>	-	-	<u>(178,227)</u>
Total governmental activities	<u>\$ 32,934,736</u>	<u>\$ 23,609,238</u>	<u>\$ 7,411,558</u>	<u>(1,913,940)</u>
<b>General revenues:</b>				
Evidence based funding				1,790,523
Earnings on investments				95,406
Other income				<u>253,953</u>
Total general revenues				<u>2,139,882</u>
Change in net position				225,942
Net position at beginning of year				<u>543,037</u>
Net position at end of year				<u>\$ 768,979</u>

See accompanying notes to financial statements.

# Southwest Cook County Cooperative Association for Special Education

## Balance Sheet Governmental Funds

<i>June 30, 2021</i>	General Fund	Transportation Fund	Total
<b>Assets</b>			
Cash	\$ 4,977	\$ -	\$ 4,977
Equity in pooled cash and investments	4,190,218	179,455	4,369,673
Receivables			
Accounts receivable	3,518,117	-	3,518,117
Entitlement receivable	386,064	44,990	431,054
Prepaid items	<u>20,100</u>	<u>-</u>	<u>20,100</u>
 Total assets	 <u>\$ 8,119,476</u>	 <u>\$ 224,445</u>	 <u>\$ 8,343,921</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>			
Liabilities			
Accounts payables	\$ 347,719	\$ -	\$ 347,719
Accrued salaries payable	<u>462,079</u>	<u>180</u>	<u>462,259</u>
 Total liabilities	 <u>809,798</u>	 <u>180</u>	 <u>809,978</u>
Fund balances			
Nonspendable	20,100	-	20,100
Assigned	-	224,265	224,265
Unassigned	<u>7,289,578</u>	<u>-</u>	<u>7,289,578</u>
 Total fund balances	 <u>7,309,678</u>	 <u>224,265</u>	 <u>7,533,943</u>
 Total liabilities and fund balances	 <u>\$ 8,119,476</u>	 <u>\$ 224,445</u>	 <u>\$ 8,343,921</u>

See accompanying notes to financial statements.

# Southwest Cook County Cooperative Association for Special Education

## Reconciliation of Fund Balances - Total Governmental Funds to Net Position of Governmental Activities June 30, 2021

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<b>Fund balances - total governmental funds</b>	\$	7,533,943
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$14,481,507, net of accumulated depreciation of \$6,876,650, are not financial resources and, therefore, are not reported in the funds.		7,604,857
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Long-term liabilities, including bonds payable, are not due and payable in the current year, and therefore, are not reported as liabilities in the funds. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities and related accounts at year-end consist of:

Accrued vacation	(45,795)	
Total net pension assets	244,797	
Total other postemployment benefits liability	<u>(11,601,279)</u>	
Total		(11,402,277)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. Deferred outflows and inflows of resources related to pensions at year-end are as follows:

Deferred outflows of resources related to pensions	1,762,619	
Deferred inflows of resources related to pensions	<u>(4,184,585)</u>	
Total		(2,421,966)

Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in funds. Deferred outflows and inflows of resources related to other postemployment benefits at year-end are as follows:

Deferred outflows of resources related to other postemployment benefits	1,701,298	
Deferred inflows of resources related to other postemployment benefits	<u>(2,246,876)</u>	
Total		<u>(545,578)</u>

<b>Net position of governmental activities</b>	\$	<u><u>768,979</u></u>
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See accompanying notes to financial statements.

# Southwest Cook County Cooperative Association for Special Education

## Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

<i>Year Ended June 30, 2021</i>	General Fund	Transportation Fund	Total
<b>Revenues</b>			
Local sources			
Charges for services	\$ 23,609,238	\$ -	\$ 23,609,238
Investment income	95,406	-	95,406
Other	<u>253,953</u>	<u>-</u>	<u>253,953</u>
Total local sources	<u>23,958,597</u>	<u>-</u>	<u>23,958,597</u>
State sources			
Evidence Based Funding	1,790,523	-	1,790,523
Grants-in-aid	<u>46,804</u>	<u>134,970</u>	<u>181,774</u>
Total state sources	<u>1,837,327</u>	<u>134,970</u>	<u>1,972,297</u>
Federal sources			
Unrestricted	<u>1,882,728</u>	<u>-</u>	<u>1,882,728</u>
On behalf revenues - payments by state of Illinois	<u>5,347,056</u>	<u>-</u>	<u>5,347,056</u>
Total revenues	<u>33,025,708</u>	<u>134,970</u>	<u>33,160,678</u>
<b>Expenditures:</b>			
Current operating			
Instruction	20,610,039	-	20,610,039
Support Services	12,503,253	(12,877)	12,490,376
Community services	1,254	-	1,254
Payments to other districts and government units	<u>178,227</u>	<u>-</u>	<u>178,227</u>
Total expenditures	<u>33,292,773</u>	<u>(12,877)</u>	<u>33,279,896</u>
Net change in fund balance	(267,065)	147,847	(119,218)
Fund balances at beginning of year	<u>7,576,743</u>	<u>76,418</u>	<u>7,653,161</u>
Fund balances at end of year	<u>\$ 7,309,678</u>	<u>\$ 224,265</u>	<u>\$ 7,533,943</u>

See accompanying notes to financial statements.

# Southwest Cook County Cooperative Association for Special Education

## Reconciliation of Net Change in Fund Balances to the Change in Net Position of Governmental Activities Year Ended June 30, 2021

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<b>Net change in fund balances - total governmental funds</b>	\$ (119,218)
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 these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$399,375 exceeded capitalized expenditures \$174,780 in the current period.	(224,595)
The changes in the Cooperative's total net pension liability and deferred outflows/inflows of resources related to pensions are only reported in the statement of activities.	1,107,933
The changes in the Cooperative's total other postemployment benefits liability and deferred outflows/inflows of resources related to other postemployment benefits are only reported in the statement of activities.	<u>(538,178)</u>
<b>Change in net position of governmental activities</b>	<u>\$ 225,942</u>

See accompanying notes to financial statements.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

Southwest Cook County Cooperative Association for Special Education (the "Cooperative") provides special education services to its eleven member school districts. Operations of the Cooperative are conducted through one of its member district's which acts as its administrative agent.

These financial statements include the Cooperative and its component units, entities for which the Cooperative is considered financially accountable. At June 30, 2021, no entities were considered component units of the Cooperative. At June 30, 2021, the Cooperative was not considered a component unit of another entity.

#### B. Basis of Presentation

##### 1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Cooperative. The effect of interfund activity has been removed from these statements. The Cooperative's operating activities are all considered "governmental activities", which normally are supported by intergovernmental revenues and nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Cooperative does not engage in any business-type activities.

The statement of activities demonstrates the degree to which the direct cash disbursements of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Evidence based funding and other items not properly included among program revenues are reported instead as general revenues.

##### 2. Governmental Funds Financial Statements

The fund financial statements provide information about the Cooperative's funds. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus and Basis of Accounting

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

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### F. Revenues and Expenses/Expenditures (Continued)

#### 1. *Measurement Focus*

In the government-wide statement of net position and statement of activities, governmental activities are presented using the *economic resources of measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Tuition and fees associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenues source (within 60 days of year-end). Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Cooperative.

### D. Budgetary Information

#### 1. *Budgetary Basis of Accounting*

The annual budget is prepared on the modified accrual basis of accounting which is an acceptable method as prescribed by the Illinois State Board of Education and is the same basis that is used for fund financial reporting. This allows for comparability between budget and actual amounts. The budget appropriations lapse at the end of the fiscal year. The Cooperative does not utilize an encumbrance system. The Cooperative follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The administration submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### **D. Budgetary Information** (Continued)

2. Prior to September 30, the budget is legally adopted through passage of resolution.
3. The Executive Director is authorized to transfer up to 10% of the budget between departments within any funds; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Directors may amend the budget by the same procedures required of its original adoption.

### **2. Excess of Expenditures over Budget**

For the year ended June 30, 2021, actual expenditures exceeded the budgeted amount in the General Fund by \$2,679,752. The overexpenditure was funded by greater than anticipated revenues.

### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Investments**

Cash and investment of the Cooperative are pooled into a common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled account has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled account is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Each fund's portion of the pool is displayed on its respective balance sheet as "equity if pooled cash and investments." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "cash" and "investments."

#### **2. Receivables**

Accounts receivable are shown net of an allowance for doubtful accounts of \$2,500.

Entitlements receivable consist of amounts due from other governments. The Cooperative considers its entitlements receivable to be fully collectible; accordingly, an allowance for uncollectible entitlements receivable has not been established. At June 30, 2021, entitlements receivable consisted of grants due from the state of Illinois and the federal government.



# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### 3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

### 4. Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment and vehicles, reported in the government-wide financial statements are defined by the Cooperative as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. As the Cooperative constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follow:

Assets	Years
Buildings	25 - 50
Building improvements	20
Equipment	5 - 20
Vehicles	8

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditure) until then. The Cooperative has two types of items that qualifies for reporting in this category. They are deferred outflows of resources related to pension (see Note IIIB for further discussion of deferred outflows of resources related to pensions) and deferred outflows related to other postemployment benefits (see Note IIIC for further discussion of deferred outflows of resources related to other postemployment benefits).

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### **5. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Cooperative has three items that qualify for reporting in this category. One item, unavailable revenue, is reported in the governmental funds balance sheet. The Cooperative reports unavailable revenue from one source - entitlement revenue. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The other items, deferred inflows of resources related to pensions and deferred inflows of resources related to other postemployment benefits, are reported in the government-wide statement of net position (see the Notes referenced in the preceding paragraph for further discussion of deferred inflows of resources related to pensions and other postemployment benefits).

### **6. Long-Term Liabilities**

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term liabilities include accrued vacation pay, net pension liabilities, and the other post employment benefits liabilities.

### **7. Net Position Flow Assumption**

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amount to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Cooperative's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **8. Fund Balance Flow Assumptions**

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Cooperative's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### **9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Cooperative itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Cooperative's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Cooperative that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Cooperative for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may, by resolution, authorize an individual to assign fund balance. The Board of Directors has not adopted such a resolution. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **F. Revenues and Expenses/Expenditures**

#### **1. Program Revenues**

Amounts reported as program revenues include 1) charges to individuals or entities that 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. All internally dedicated resources are reported as general revenues rather than as program revenues.

#### **2. Compensated Absences**

It is the Cooperative's policy for twelve month personnel to earn vacation pay ratably throughout the year. An accrual was made for unused vacation pay at June 30, 2021.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### G. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and deferred outflows/inflows of resources; the disclosure of contingent assets and liabilities; and the reported revenues and expenses/expenditures. Significant estimates used in preparing the government-wide financial statements include the assumptions used to determine the net pension liabilities and the related deferred outflows/inflows of resources and the assumptions used to determine the other postemployment benefits liabilities and the related deferred outflows/inflows of resources. It is at least possible that the significant estimates used will change within the next year.

### H. Comparative Data

Comparative data for the prior year have been presented in the individual fund financial statements and schedules in order to provide an understanding of the operations of these funds.

## II. Detailed Notes on All Activities and Funds

### A. Deposits and Investments

#### 1. *Under the Custody of the Bremen Township School Treasurer*

Under the Illinois Compiled Statutes, the Bremen Township School Treasurer ("Treasurer") is the lawful custodian of all funds of all local education agencies ("LEAs") in its boundaries, including the Cooperative. The Treasurer is appointed by the Bremen Township School Trustees, a body consisting of members of the boards of the LEAs serviced by the Treasurer. The Treasurer is the direct recipient of property taxes, corporate personal property replacement taxes, and most state and federal aid and disburses funds upon lawful order of each LEAs 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 of more than one fund of a single LEA and to combine monies of more than one LEA in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and LEA. No LEA is permitted to borrow from another entity through deficit spending within the Treasurer's cash and investment pool.

Cash and investments, other than student activity and convenience accounts, petty cash and imprest funds, are part of a common pool for all LEAs within the township. The Treasurer maintains records that segregates the cash and investment balance by LEA. Income from investments is distributed twice per year based upon each LEA's percentage participation in the pool.

The Treasurer's investment policies are established by the Bremen 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. As of June 30, 2021, the Cooperative's proportionate share of the Treasurer's investment pool was \$4,369,793.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### Deposits and Investments (Continued)

The weighted average maturity of marketable investment held by the Treasurer was 0.54 years at June 30, 2021. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. Further information about pooled assets held at the Treasurer's office and the Treasurer's office operations is available from the Treasurer's financial statements.

Because all cash and investments are pooled by a separate legal government agency (the 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.

### **2. In the Custody of the Cooperative**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Cooperative's deposits might not be recovered. The Cooperative does not have a deposit policy for custodial credit risk. At June 30, 2021, the Cooperative's bank balances were insured by the Federal Deposit Insurance Corporation (FDIC).

#### *Investment Policies*

The Cooperative's investments are subject to the following risks:

*Concentration of credit risk* is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Custodial credit risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Cooperative will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

The Cooperative does not have an investment policy for the above risks.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### B. Capital Assets

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

<b>Governmental Activities</b>	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 479,300	\$ -	\$ -	\$ 479,300
Construction in progress	109,477	72,808	109,477	72,808
<b>Total capital assets, not being depreciated</b>	<b>588,777</b>	<b>72,808</b>	<b>109,477</b>	<b>552,108</b>
Capital assets, being depreciated:				
Buildings	12,360,063	-	109,477	12,469,540
Equipment	698,448	101,972	-	800,420
Vehicles	659,439	-	-	659,439
<b>Total capital assets, being depreciated</b>	<b>13,717,950</b>	<b>101,972</b>	<b>109,477</b>	<b>13,929,399</b>
Accumulated depreciation:				
Buildings	(5,322,901)	(312,677)	-	(5,635,578)
Equipment	(557,932)	(56,776)	-	(614,708)
Vehicles	(596,442)	(29,922)	-	(626,364)
<b>Total accumulated depreciation</b>	<b>(6,477,275)</b>	<b>(399,375)</b>	<b>-</b>	<b>(6,876,650)</b>
<b>Total capital assets, being depreciated, net</b>	<b>7,240,675</b>	<b>(297,403)</b>	<b>109,477</b>	<b>7,052,749</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 7,829,452</b>	<b>\$ (224,595)</b>	<b>\$ 218,954</b>	<b>\$ 7,604,857</b>

Depreciation expense was charged to functions of the Cooperative as follows:

Instructional	\$ 281,454
Transportation	48,391
Administration	<u>69,530</u>
<b>Total depreciation expense</b>	<b><u>\$ 399,375</u></b>

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### C. Long-Term Liabilities

Long-term liability activity for the Cooperative for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Adjustments/ Reductions	Balance June 30, 2021	Amounts due Within One Year
Accrued vacation pay	\$ 45,795	\$ -	\$ -	\$ 45,795	\$ 45,795
Net pension liabilities (assets)					
Teachers's Retirement System of the State of Illinois *	1,046,624	64,922	-	1,111,546	-
Illinois Municipal Retirement Fund	961,063	-	2,317,406	(1,356,343)	-
Other postemployment benefits liabilities:					
Teacher Health Insurance Security Fund	11,346,035	103,552	-	11,449,587	-
Postretirement Health Benefit Plan	<u>131,530</u>	<u>20,162</u>	<u>-</u>	<u>151,692</u>	<u>-</u>
Total	<u>\$ 13,531,047</u>	<u>\$ 188,636</u>	<u>\$ 2,317,406</u>	<u>\$ 11,402,277</u>	<u>\$ 45,795</u>

The long-term liabilities will be liquidated by the General Fund.

### III. Other Information

#### A. Risk Management

The Cooperative is exposed to various risks of loss related to tort's; thefts of, damage to and destruction of assets; errors and omissions; and workers' compensation for which the Cooperative has joined with selected governments to form externally administered insurance programs, the School Employees Loss Fund (SELF) and the Suburban School Cooperative Insurance Pool (SSCIP). The programs purchase commercial insurance to cover loss exposure. It is also the policy of the Cooperative to purchase a portion of the medical insurance needed to cover its employees. The amount of coverage has not decreased nor have the amounts of settlements exceeded coverage in the current year or any of the past three years.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### **B. Employee Retirement Systems**

The retirement plans of the Cooperative include the Teachers' Retirement System of the State of IL (TRS) and the IL 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 Cooperative. IMRF is funded through property taxes and a perpetual lien of the Cooperative's corporate personal property replacement tax. Each retirement system is discussed below.

#### **1. Teachers' Retirement System of the State of Illinois (TRS)**

##### *Plan Description*

The Cooperative participates in the TRS. TRS is a cost-sharing, multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

##### *Benefits Provided*

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 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 II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.



# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### **B. Employee Retirement Systems (Continued)**

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

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum 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 will begin in 2019 and will be funded by bonds issued by the state of Illinois.

#### *Contributions*

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

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

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on-behalf of the Cooperative. For the year ended June 30, 2021, State of IL contributions recognized by the Cooperative were based on the State's proportionate share of the pension expense associated with the Cooperative, and the Cooperative recognized revenue and expenses of \$9,272,178 in the governmental activities based on the economic resources measurement focus and recognized revenue and expenditures of \$5,204,154 in the General Fund based on the current financial resources measurement focus.

**2.2 formula contributions.** The Cooperative contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2021 were \$66,841, and are deferred because they were paid after the June 30, 2020 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the Cooperative, there is a statutory requirement for the Cooperative 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, 2020.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### B. Employee Retirement Systems (Continued)

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

For the year ended June 30, 2021, the employer pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$363,673 were paid from the federal and special trust funds that required employer contributions of \$37,858. These contributions are deferred because they were paid after the June 30, 2020 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 Cooperative 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, 2021, the Cooperative did not make any payments for salary increases over 6 percent, salary increases over 3 percent, or excess sick leave contributions.

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

At June 30, 2020, the Cooperative 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 Cooperative. The State's support and total are for disclosure purposes only. The amount recognized by the Cooperative 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 Cooperative were as follows:

Cooperative's proportionate share of the net Pension liability	\$ 1,111,546
State's proportionate share of the net pension liability associated with the Cooperative	<u>87,062,175</u>
Total	<u>\$ 88,173,721</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The 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, 2020, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2020, the employer's proportion was 0.001289%, which was an increase of 0.000011% from its proportion measured as of June 30, 2019.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### B. Employee Retirement Systems (Continued)

For the year ended June 30, 2021, the Cooperative recognized pension expense of \$5,204,154 and revenue of \$5,204,154 for support provided by the state. At June 30, 2021, the Cooperative had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, which are not reported due to the regulatory basis of accounting:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 10,772	\$ 297
Changes in assumptions	4,555	11,663
Net difference between projected and actual earnings in OPEB plan investments	33,189	-
Changes in proportion and differences between Cooperative contributions and proportionate share of contributions	<u>4,071</u>	<u>750,574</u>
Total deferred amounts to be recognized in OPEB expense in future periods	52,587	762,534
Cooperative's contributions subsequent to the measurement date	<u>104,331</u>	<u>-</u>
Total	<u>\$ 156,918</u>	<u>\$ 762,534</u>

\$104,331 reported as deferred outflows of resources related to pensions resulting from Cooperative contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2022	\$ (328,114)
2023	(274,817)
2024	(115,496)
2025	8,579
2026	<u>(99)</u>
Total	<u>\$ (709,947)</u>

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### B. Employee Retirement Systems (Continued)

#### *Actuarial Assumptions*

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

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00% net of pension plan investment expense, including inflation

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	16.5 %	6.1 %
U.S. equities small/mid cap	2.3 %	7.2 %
International equities developed	12.2 %	7.0 %
Emerging market equities	3.0 %	9.4 %
U.S. bonds core	7.0 %	2.2 %
U.S. bonds high yield	2.5 %	4.1 %
International debt developed	3.1 %	1.5 %
Emerging international debt	3.2 %	4.5 %
Real estate	16.0 %	5.7 %
Private debt	5.2 %	6.3 %
Hedge funds	10.0 %	4.3 %
Private Equity	15.0 %	10.5 %
Infrastructure	<u>4.0 %</u>	6.2 %
Total	<u><u>100.0 %</u></u>	

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### B. Employee Retirement Systems (Continued)

#### *Discount Rate*

At June 30, 2020, the discount rate used to measure the total pension liability was 7.0%, which was the same as the June 30, 2019 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, 2020 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Cooperative's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Cooperative's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Cooperative's proportionate share of the net Pension liability	\$ 1,349,216	\$ 1,111,548	\$ 915,877

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

### b. Illinois Municipal Retirement Fund (IMRF)

#### *Plan Description and Benefits*

**Plan description** – The Cooperative’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 employer’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section 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](http://www.imrf.org).

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### B. Employee Retirement Systems (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.

**Employees Covered by the Benefit Terms** - At the December 31, 2020, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	207
Inactive employees entitled to but not yet receiving benefits	360
Active employees	<u>227</u>
Total	<u><u>794</u></u>

**Contributions** - As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2020 was 10.34%. For the fiscal year ended June 30, 2021, the employer contributed \$485,508 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### B. Employee Retirement Systems (Continued)

**Net Pension Liability** - The employer's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

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

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value of Assets
Inflation	2.25
Salary increases	2.89% to 13.75%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. 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.
Other information: Notes	There were no benefit changes during the year.

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 as of December 31, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	37.0 %	5.00 %
International equities	18.0 %	6.00 %
Fixed income	28.0 %	1.30 %
Real estate	9.0 %	6.20 %
Alternatives	7.0 %	2.85-6.95 %
Cash	1.0 %	0.70 %
Total	100.0 %	

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### B. Employee Retirement Systems (Continued)

#### Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

**Sensitivity of the Cooperative's proportionate share of the net pension liability to changes in the discount rate -** The following presents the plan's net pension liability, calculated using the single discount rate of 7.25 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 1,850,828	\$ (1,356,343)	\$ (3,878,531)

Due to the Cooperative preparing its financial statements on the basis of the financial reporting provisions of the Illinois State Board of Education, pension liabilities and deferred inflows and outflows referred to throughout the note disclosure are not recognized in the actual financial statements.



# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### B. Employee Retirement Systems (Continued)

#### Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ <u>25,467,554</u>	\$ <u>24,506,491</u>	\$ <u>961,063</u>
Changes for the year:			
Service cost	\$ 798,810	\$ -	\$ 798,810
Interest on the total Pension liability	1,835,506	-	1,835,506
Differences between expected and actual experience of the total Pension liability	(88,542)	-	(88,542)
Changes of assumptions	(267,885)	-	(267,885)
Contributions - employer	-	791,978	(791,978)
Contributions - employees	-	344,671	(344,671)
Net investment income	-	3,450,408	(3,450,408)
Benefit payments, including refunds of employee contributions	(1,099,264)	(1,099,264)	-
Other (net transfer)	-	8,238	(8,238)
Net changes	<u>1,178,625</u>	<u>3,496,031</u>	<u>(2,317,406)</u>
Balances at December 31, 2020	\$ <u>26,646,179</u>	\$ <u>28,002,522</u>	\$ <u>(1,356,343)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -** For year ended June 30, 2021, the Cooperative recognized pension expense of \$888,665. At June 30, 2021, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources which are not reported due to the financial reporting provisions of the Illinois State Board of Education.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 76,902
Changes in assumptions	-	165,337
Net difference between projected and actual earnings on pension plan investments	<u>1,120,193</u>	<u>3,179,812</u>
Total deferred amounts to be recognized in OPEB expense in future periods	1,120,193	3,422,051
Cooperative's contributions subsequent to the measurement date	<u>485,508</u>	-
Total	<u>\$ 1,605,701</u>	<u>\$ 3,422,051</u>

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### B. Employee Retirement Systems (Continued)

\$485,508 reported as deferred outflows of resources related to pensions resulting from Cooperative contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2022	\$ (801,876)
2023	(344,512)
2024	(821,064)
2025	<u>(334,406)</u>
 Total	 <u>\$ (2,301,858)</u>

Aggregate Pension Amounts - At June 30, 2021, the Cooperative reported the following from all pension plans:

	TRS	IMRF	Total
Net pension liability/(asset)	\$ 1,111,548	\$ (1,356,343)	\$ (244,795)
Deferred outflows of resources	52,587	1,120,193	1,172,780
Deferred inflows of resources	762,533	3,422,051	4,184,584

### C. Other Postemployment Benefits

#### a. Teacher Health Insurance Security (THIS)

*Plan Description.* The Cooperative participates in the THIS. The THIS is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. THIS members are retirees of public schools who were certified educators or administrators. Eligibility is currently limited to former full-time employees, and others who were not full-time employees that meet certain requirements, and their dependents. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) (SEGIA) establishes the eligibility and benefit provisions of the plan.

The THIS issues a publicly available financial report that can be obtained at the website of the Illinois Auditor General: <https://www.auditor.illinois.gov/Audit-Report/ABC-List.asp>. The current reports are listed under "Central Management Services"; prior reports are available under "Healthcare and Family Services".

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### C. Other Postemployment Benefits (Continued)

#### *Benefits Provided*

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS.

#### *Contributions*

The SEGIA requires that all active contributors to the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% of each teacher's salary. Additionally, the SEGIA requires the State to match the employees' contribution on-behalf of the employer. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THIS, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

The SEGIA requires that the Department's Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

**On-behalf contributions to THIS.** The state of Illinois makes employer retiree health insurance contributions on behalf of the Cooperative. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2021. For the year ended June 30, 2021, the Cooperative recognized revenue and expenses of \$432,338 in the governmental activities based on the economic resources measurement focus and revenues and expenditures of \$142,902, in the General Fund based on the current financial resources measurement focus for the State of Illinois contributions on behalf of the Cooperative.

**Employer contributions to THIS Fund.** The Cooperative also makes contributions to THIS Fund. The Cooperative THIS Fund contribution was 0.92% during the year ended June 30, 2021. For the year ended June 30, 2021, the Cooperative paid \$106,024 to the THIS Fund, which was 100 percent of the required contribution.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### C. Other Postemployment Benefits (Continued)

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

At June 30, 2021, the Cooperative's reported a liability for its proportionate share of the net OPEB liability. The State's support and total are for disclosure purposes only. The amount recognized by the Cooperative 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 Cooperative were as follows:

Cooperative's proportionate share of the net OPEB liability	\$ 11,449,587
State's proportionate share of the net OPEB liability associated with the Cooperative	<u>15,511,072</u>
 Total	 <u>\$ 26,960,659</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The Cooperative's proportion of the net OPEB liability was based on the Cooperative's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2020, the Cooperative's proportion was 0.042825%, which was an increase of 0.001831% from its proportion measured as of June 30, 2019.

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

	Governmental	
	Activities	General Fund
State on-behalf contributions		
State On Behalf Contributions - OPEB revenue and expense/expenditure	\$ 9,272,178	\$ 5,204,154
Cooperative OPEB expense/expenditure	<u>432,338</u>	<u>142,902</u>
 Total OPEB expense/expenditure	 <u>\$ 9,704,516</u>	 <u>\$ 5,347,056</u>

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### C. Other Postemployment Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 304,204
Changes in assumptions	3,877	1,888,595
Net difference between projected and actual earnings in OPEB plan investments	-	326
Changes in proportion and differences between Cooperative contributions and proportionate share of contributions	<u>1,572,311</u>	<u>3,193</u>
Total deferred amounts to be recognized in OPEB expense in future periods	1,576,188	2,196,318
Cooperative's contributions subsequent to the measurement date	<u>106,024</u>	<u>-</u>
Total	<u>\$ 1,682,212</u>	<u>\$ 2,196,318</u>

\$106,024 reported as deferred outflows of resources related to OPEB resulting from Cooperative contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Inflows of Resources
2022	\$ (139,875)
2023	(139,845)
2024	(139,781)
2025	(90,513)
2026	(26,547)
2027	(15,725)
2028	(47,763)
2029	<u>(20,081)</u>
Total	<u>\$ (620,130)</u>

#### *Actuarial Valuation Method*

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### C. Other Postemployment Benefits (Continued)

#### *Actuarial Assumptions.*

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend state at 8.25% for non-medicare costs and medicare costs, 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 annuitants mortality rates were based on the RP-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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

#### *Discount Rate*

Projected benefit payments were discounted to their actuarial present value 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 bond 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 the THIS is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.13% as of June 30, 2020, and 2.45% as of June 30, 2019. The decrease in the single discount rate from 3.13% to 2.45% caused the total OPEB liability to increase by approximately \$3,012 million from 2019 to 2020.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### C. Other Postemployment Benefits (Continued)

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

The following presents the Cooperative's proportionate share of the net OPEB liability calculated using the discount rate of 2.45%, as well as what the Cooperative's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current rate:

	1% Decrease 1.45%	Current Discount Rate 2.45%	1% Increase 3.45%
Cooperative's proportionate share of the net OPEB liability	\$ 13,760,781	\$ 11,449,587	\$ 9,618,538

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

The following presents the Cooperative's proportionate share of the net OPEB liability would be if it were calculated using the healthcare cost trend rate, as well as what the Cooperative's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
Cooperative's proportionate share of the net OPEB liability	\$ 9,208,955	\$ 11,449,587	\$ 14,478,498

(a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.

(b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### b. Defined Post-Employment Benefit Plan

#### *Plan Description*

The Cooperative's defined benefit other postemployment benefits (OPEB) plan, Postretirement Health Benefit Plan ("PRHBP"), provides OPEB for all full-time employees of the Cooperative who participate in the Illinois Municipal Retirement Fund (IMRF). PRHBP is a single-employer defined benefit OPEB plan administered by the Cooperative. The benefit terms and financing requirements for IMRF participants are established under the provisions of ILCS Chapter 215, Article 5, Section 367j. The benefit terms and financing requirements for TRS participants are established contractually. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

#### *Benefits Provided*

PRHBP provides medical, dental, and life insurance benefits for eligible retirees. The benefit terms are summarized as follows:

Certified (Teachers): Not eligible to continue coverage in any of the medical plans offered by the Cooperative upon retirement. Allowed to elect Teachers Retirement Insurance Program (TRIP) upon retirement. The Cooperative offers no benefit.

Certified (Administrators): Nine administrators are eligible to receive individual TRIP coverage only (no spousal coverage) upon retirement for a maximum of 60 months, limited to \$435 per month.

Non-certified (Aides, Custodians, etc.): Eligible to continue both medical and prescription drug individual coverage (no spousal coverage) under the Cooperative's plans until Medicare eligible. Eligible participants pay 100% of the insurance premium.

Inactive Participants with Separate Contract: There are three retired participants for whom the Cooperative has agreed to pay the cost of TRIP insurance upon retirement for a maximum of 120 months.

#### *Employees Covered by Benefit Terms*

As of June 30, 2021, the following employees were covered by the benefit terms:

Active employees	203
Inactive employees (retired) or beneficiaries currently receiving benefit payments	<u>3</u>
Total	<u><u>206</u></u>



# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### C. Other Postemployment Benefits (Continued)

#### *Total OPEB Liability*

The Cooperative's total OPEB liability of \$151,692 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020 and adjusted to the measurement date based on procedures that conform to generally accepted actuarial principles and practices.

#### *Actuarial Assumptions*

The total OPEB liability at June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.87%
Healthcare cost trend rates	For fiscal years ending in and after 2019, trend starts at 7.5% and gradually decreases to an ultimate trend of 4.5%

The discount rate was based on the High Quality 20-Year Tax-Exempt G.O. Bond Rate.

Mortality rates are based on the RP-2014 Combined Mortality Table, backed off to 2006 and projected generationally with Scale MP-2018 for IMRF employees.

#### *Changes in Net OPEB Liability*

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at June 30, 2020	\$ <u>131,530</u>	\$ <u>-</u>	\$ <u>131,530</u>
Changes for the year:			
Service cost	\$ 7,882	\$ -	\$ 7,882
Interest on the total OPEB liability	4,691	-	4,691
Changes of assumptions	18,286	-	18,286
Contributions - employer	-	10,697	10,697
Benefit payments, including refunds of employee contributions	<u>(10,697)</u>	<u>(10,697)</u>	<u>-</u>
Net changes	<u>20,162</u>	<u>\$ -</u>	<u>\$ 20,162</u>
Balances at June 30, 2021	\$ <u>151,692</u>	\$ <u>-</u>	\$ <u>151,692</u>

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

### C. Other Postemployment Benefits (Continued)

PRHBP is financed on a pay-as-you-go basis. The total OPEB liability is an unfunded obligation of the Cooperative.

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

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 166,731	\$ 151,692	\$ 138,036

#### *Sensitivity of the Net OPEB Liability to Changes in the Trend Rate*

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates Assumptions	1% Increase
Total OPEB liability	\$ 144,270	\$ 151,692	\$ 160,562

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

For the year ended June 30, 2021, the Cooperative recognized OPEB expense of \$18,129.

Deferred outflows of resources and deferred inflows of resources related to OPEB result from differences in actual and expected experience or changes in assumptions regarding future events and are recognized in OPEB expense over the expected remaining service life of all employees (active and retired) participating in PRHBP.

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 18,441
Changes in assumptions	19,086	32,117
Total deferred amounts to be recognized in OPEB expense in future periods	19,086	50,558
Total	\$ 19,086	\$ 50,558

# Southwest Cook County Cooperative Association for Special Education

## Notes to Financial Statements

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### C. Other Postemployment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in years ending June 30 as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 6,005
2023	615
2024	(5,481)
2025	(5,481)
2026	(5,481)
Thereafter	<u>(21,649)</u>
 Total	 \$ <u>(31,472)</u>

### D. Contingencies

The Cooperative recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

### E. Subsequent Events

Subsequent to the year end the Cooperative closed on the purchase of Morton Gingerwood School for \$2,500,000, to be paid in five installments of \$500,000 over the next five years.

Management has evaluated subsequent events through April 13, 2022, which is the date the financial statements were available to be issued.

# Southwest Cook County Cooperative Association for Special Education

## Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Retirement System

Last Seven Fiscal Years

	2021*	2020*	2019*	2018*
Employers's proportion of the net pension liability	0.001289 %	0.001300 %	0.001296 %	0.003374 %
Employer's proportionate share of the net pension liability	\$ 1,111,548	\$ 1,046,624	\$ 1,010,028	\$ 2,577,518
State's proportionate share of the net pension liability	<u>87,062,175</u>	<u>74,487,056</u>	<u>69,191,183</u>	<u>63,990,371</u>
Total net pension liability	<u>\$ 88,173,723</u>	<u>\$ 75,533,680</u>	<u>\$ 70,201,211</u>	<u>\$ 66,567,889</u>
Covered payroll	\$ 11,524,377	\$ 10,848,814	\$ 9,244,960	\$ 8,535,948
Employer's proportionate share of the net pension liability as a percentage of covered payroll	9.65 %	9.65 %	10.93 %	30.20 %
Plan fiduciary net position as a percentage of the total pension liability	37.80 %	39.60 %	40.00 %	39.30 %

### Notes to Schedule

#### Changes of Assumptions

For the 2020, 2019, 2018, 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0%, including an inflation rate of 2.5% and a real return of 4.5%. Salary increases were assumed to vary by service credit, but the rates of increase in the 2018 measurement year were slightly higher.

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

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

\* Valuation was as of the prior fiscal-year end.

The Cooperative implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

2017*	2016*	2015*
0.003810 %	0.003656 %	0.003426 %

\$ 3,007,319	\$ 2,395,020	\$ 2,085,111
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<u>64,099,918</u>	<u>51,313,403</u>	44,191,004
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<u>\$ 67,107,237</u>	<u>\$ 53,708,423</u>	\$ 46,276,115
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\$ 8,056,011	\$ 7,919,821	\$ 7,189,671
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37.33 %	30.24 %	29.00 %
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36.40 %	41.50 %	43.00 %
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# Southwest Cook County Cooperative Association for Special Education

## Schedule of Employer Contributions Teachers' Retirement System

Last Seven Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 104,700	\$ 104,332	\$ 368	\$ 11,524,377	0.91 %
2020	97,269	97,269	-	10,848,814	0.90 %
2019	88,184	88,184	-	10,026,381	0.88 %
2018	77,608	77,608	-	9,244,960	0.84 %
2017	147,613	147,613	-	8,535,948	1.73 %
2016	128,105	128,105	-	8,056,011	1.59 %
2015	122,382	122,382	-	7,919,821	1.55 %

The Cooperative implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

# Southwest Cook County Cooperative Association for Special Education

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

Last Seven Calendar Years

	2020	2019	2018	2017
<b>Total Pension Liability</b>				
Service cost	\$ 798,810	\$ 719,674	\$ 616,423	\$ 638,070
Interest	1,835,506	1,739,821	1,583,508	1,548,587
Differences between expected and actual experience	(88,542)	(116,788)	940,600	(190,078)
Changes of assumption	(267,885)	-	671,930	(623,176)
Benefit payments, including refunds of member contributions	<u>(1,099,264)</u>	<u>(1,025,683)</u>	<u>(934,315)</u>	<u>(859,620)</u>
Net change in total pension liability	1,178,625	1,317,024	2,878,146	513,783
Total pension liability, beginning	<u>25,467,554</u>	<u>24,150,530</u>	<u>21,272,384</u>	<u>20,758,601</u>
<b>Total pension liability - ending</b>	<u>\$ 26,646,179</u>	<u>\$ 25,467,554</u>	<u>\$ 24,150,530</u>	<u>\$ 21,272,384</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 791,978	\$ 531,000	\$ 702,823	\$ 621,684
Contributions - member	344,671	331,264	302,073	268,227
Net investment income	3,450,408	3,945,322	(1,145,269)	3,317,356
Benefit payments, including refunds of member contributions	(1,099,264)	(1,025,683)	(934,315)	(859,620)
Other	<u>8,238</u>	<u>(425,488)</u>	<u>381,055</u>	<u>(479,015)</u>
Net change in plan fiduciary net position	3,496,031	3,356,415	(693,633)	2,868,632
Plan net position, beginning	<u>24,506,491</u>	<u>21,150,076</u>	<u>21,843,709</u>	<u>18,975,077</u>
<b>Plan net position, ending</b>	<u>\$ 28,002,522</u>	<u>\$ 24,506,491</u>	<u>\$ 21,150,076</u>	<u>\$ 21,843,709</u>
<b>Employer's net pension liability (asset)</b>	<u>\$ (1,356,343)</u>	<u>\$ 961,063</u>	<u>\$ 3,000,454</u>	<u>\$ (571,325)</u>
Plan fiduciary net position as a percentage of the total pension liability	105.09 %	96.23 %	87.58 %	90.45 %
Covered payroll	\$ 7,659,367	\$ 7,244,206	\$ 6,712,726	\$ 5,961,639
Employer's net pension liability as a percentage of covered payroll	(17.71)%	13.27 %	44.70 %	(9.58)%

The Cooperative implemented GASB Statement No. 68 in fiscal year 2015. Information prior to calendar year 2014 is not available.

2016	2015	2014
\$ 628,211	\$ 622,497	\$ 655,287
1,441,207	1,362,885	1,215,817
201,314	(185,359)	(1,562)
-	-	754,511
<u>(828,243)</u>	<u>(688,930)</u>	<u>(604,556)</u>
1,442,489	1,111,093	2,019,497
<u>19,316,112</u>	<u>18,205,019</u>	<u>16,185,522</u>
<u>\$ 20,758,601</u>	<u>\$ 19,316,112</u>	<u>\$ 18,205,019</u>

\$ 668,954	\$ 638,784	\$ 657,260
265,458	257,466	250,813
1,201,158	87,863	995,093
(828,243)	(688,930)	(604,556)
<u>137,731</u>	<u>(234,084)</u>	<u>9,073</u>
1,445,058	61,099	1,307,683
<u>17,530,019</u>	<u>17,468,920</u>	<u>16,161,237</u>
<u>\$ 18,975,077</u>	<u>\$ 17,530,019</u>	<u>\$ 17,468,920</u>
<u>\$ 1,783,524</u>	<u>\$ 1,786,093</u>	<u>\$ 736,099</u>

91.41 %      90.75 %      95.96 %

\$ 5,899,621    \$ 5,585,448    \$ 5,465,042

30.23 %      31.98 %      13.47 %



# Southwest Cook County Cooperative Association for Special Education

## Schedule of Employer Contributions Illinois Municipal Retirement Fund

Last Seven Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 888,665	\$ 888,665	\$ -	\$ 8,838,050	10.05 %
2020	673,634	673,634	-	7,645,939	8.81 %
2019	605,640	605,640	-	6,791,825	8.92 %
2018	665,350	665,350	-	6,303,436	10.56 %
2017	639,743	639,743	-	5,912,926	10.82 %
2016	648,670	648,670	-	5,765,258	11.25 %
2015	642,319	642,319	-	5,580,342	11.51 %

### Notes to Schedule

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

#### Methods and assumptions used to determine contribution rates

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24-year closed period
Asset valuation method	Fair value of assets
Wage growth	3.25%
Inflation	2.25%
Salary increases	2.89% to 13.75%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. 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 Cooperative implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

# Southwest Cook County Cooperative Association for Special Education

## Schedule of the District's Proportionate Share of the Net OPEB Liability Teachers' Health Insurance Security Fund

Last Four Fiscal Years

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.042825 %	0.040994 %	0.039164 %	0.037551 %
District's proportion share of the net OPEB liability	\$ 11,449,587	\$ 11,346,035	\$ 10,318,214	\$ 9,744,263
State's proportionate share of the net OPEB liability	<u>15,511,072</u>	<u>15,363,980</u>	<u>13,855,136</u>	<u>12,796,639</u>
Total net OPEB liability	<u>\$ 26,960,659</u>	<u>\$ 26,710,015</u>	<u>\$ 24,173,350</u>	<u>\$ 22,540,902</u>
District's covered payroll	\$ 10,026,381	\$ 10,026,381	\$ 9,244,960	\$ 8,535,948
District's proportionate share of the net OPEB liability as a percentage of covered payroll	114.19 %	113.16 %	111.61 %	114.16 %
Plan fiduciary net position as a percentage of the total OPEB liability	(0.22)%	(0.22)%	(0.07)%	(0.17)%

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

The Cooperative implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

# Southwest Cook County Cooperative Association for Special Education

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

Last Four Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 106,024	\$ 106,024	\$ -	\$ 11,524,377	0.92 %
2020	99,809	99,809	-	10,848,814	0.92 %
2019	92,245	92,245	-	10,026,381	0.92 %
2018	81,356	81,356	-	9,244,960	0.88 %

The Cooperative implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

# Southwest Cook County Cooperative Association for Special Education

## Schedule of the District's Proportionate Share of the Net OPEB Liability Other Postemployment Benefits

Last Four Fiscal Years

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 7,882	\$ 7,936	\$ 7,804	\$ 7,804
Interest	4,691	4,515	3,738	3,738
Differences between expected and actual experience	-	(4,512)	-	-
Changes of assumption	18,286	20,683	(1,346)	(1,346)
Benefit payments, including refunds of member contributions	<u>(10,697)</u>	<u>(11,665)</u>	<u>(14,452)</u>	<u>(14,452)</u>
Net change in total OPEB liability	20,162	16,957	(4,256)	-
Total OPEB liability, beginning	<u>131,530</u>	<u>114,573</u>	<u>118,829</u>	<u>118,829</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 151,692</u></u>	<u><u>\$ 131,530</u></u>	<u><u>\$ 114,573</u></u>	<u><u>\$ 118,829</u></u>
Covered payroll	\$ 1,650,553	\$ 1,650,553	\$ 7,472,909	\$ 7,224,870
Employer's net OPEB liability as a percentage of covered payroll	1.72 %	1.72 %	1.53 %	1.64 %

The Cooperative implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

# Southwest Cook County Cooperative Association for Special Education

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

Year Ended June 30, 2021 with Comparative Actual Totals for 2020	General Fund			
	2021		2020	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
<b>Revenues</b>				
Local sources				
Special education tuition and fees	\$ 26,629,395	\$ 23,609,238	\$ (3,020,157)	\$ 23,090,776
Investment income	150,000	95,406	(54,594)	186,142
Other	<u>15,000</u>	<u>253,953</u>	<u>238,953</u>	<u>562,236</u>
Total local sources	<u>26,794,395</u>	<u>23,958,597</u>	<u>(2,835,798)</u>	<u>23,839,154</u>
State sources				
Evidence based funding	1,790,522	1,790,523	1	1,790,523
Grants-in-aid	<u>182,130</u>	<u>46,804</u>	<u>(135,326)</u>	<u>2,449</u>
Total state sources	<u>1,972,652</u>	<u>1,837,327</u>	<u>(135,325)</u>	<u>1,792,972</u>
Federal sources				
Grants-in-aid	<u>1,881,766</u>	<u>1,882,728</u>	<u>962</u>	<u>2,120,172</u>
On behalf revenues	<u>-</u>	<u>5,347,056</u>	<u>5,347,056</u>	<u>5,033,610</u>
Total revenues	<u>30,648,813</u>	<u>33,025,708</u>	<u>2,376,895</u>	<u>32,785,908</u>
<b>Expenditures</b>				
Instruction	<u>16,449,107</u>	<u>20,610,039</u>	<u>(4,160,932)</u>	<u>20,259,012</u>
Support services				
Pupils	6,920,990	7,126,273	(205,283)	6,115,223
Instructional staff	1,503,680	1,331,175	172,505	1,145,937
General administration	2,101,809	2,024,985	76,824	2,090,936
Business	2,610,601	1,805,031	805,570	1,943,533
Central	<u>242,914</u>	<u>215,789</u>	<u>27,125</u>	<u>256,142</u>
Total support services	<u>13,379,994</u>	<u>12,503,253</u>	<u>876,741</u>	<u>11,551,771</u>
Community services	<u>2,708</u>	<u>1,254</u>	<u>1,454</u>	<u>991</u>
Payments to other districts and government units	<u>213,000</u>	<u>178,227</u>	<u>34,773</u>	<u>10,836</u>
Total expenditures	<u>30,044,809</u>	<u>33,292,773</u>	<u>(3,247,964)</u>	<u>31,822,610</u>
Net change in fund balance	604,004	(267,065)	(871,069)	963,298
Fund balances at beginning of year	<u>7,576,743</u>	<u>7,576,743</u>	<u>-</u>	<u>6,613,445</u>
Fund balances at end of year	<u>\$ 8,180,747</u>	<u>\$ 7,309,678</u>	<u>\$ (871,069)</u>	<u>\$ 7,576,743</u>

# Southwest Cook County Cooperative Association for Special Education

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

<i>Year Ended June 30, 2021 with Comparative Amounts for June 30, 2020</i>	Transportation Fund			
	2021		2020	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
<b>Revenues</b>				
State sources				
Grants-in-aid	\$ -	\$ 134,970	\$ 134,970	\$ 178,139
Total revenues	-	134,970	134,970	178,139
<b>Expenditures</b>				
Supporting services				
Business	-	(12,877)	12,877	258,796
Central	-	-	-	322
Total expenditures	-	(12,877)	12,877	259,118
Net change in fund balance	-	147,847	147,847	(80,979)
Fund balances at beginning of year	76,418	76,418	-	157,397
Fund balances at end of year	\$ 76,418	\$ 224,265	\$ 147,847	\$ 76,418

# Southwest Cook County Cooperative Association for Special Education

## Notes to Required Supplementary Information

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### Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments.

The Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administration submits to the Board of Directors 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 October 1 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget, which was not amended, was adopted on August 12, 2020.
5. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. The legal level of budgetary control is at the individual fund level, therefore, 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. The budget lapses at the end of each fiscal year.

### Excess of Expenditures over Budgets in Individual Funds

Expenditures exceeded the budgeted amount in the following funds:

	Budget	Actual	Excess
General Fund	\$ 30,044,809	\$ 33,292,773	\$ 3,247,964

The expenditure variance was sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

**Southwest Cook County Cooperative  
Association for Special Education**  
Schedule of Expenditures - Actual and Budget  
Year Ended June 30, 2020

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
<b>General Fund:</b>				
Instruction:				
Special education programs	\$ 10,247,410	\$ 8,199,271	\$ 684,202	\$ 247,763
CTE programs	516,367	135,800	6,096	374
Interscholastic programs	-	-	3,500	-
Summer school	<u>338,819</u>	<u>33,226</u>	<u>32,281</u>	<u>474</u>
Total instruction	<u>11,102,596</u>	<u>8,368,297</u>	<u>726,079</u>	<u>248,611</u>
Support services:				
Pupil:				
Attendance and social work services	1,885,732	318,891	12,622	-
Health services	1,729,603	528,683	198,094	14,605
Psychological services	-	-	-	-
Speech pathology and audiology services	1,715,500	278,501	352,564	92
Other	<u>68,548</u>	<u>22,838</u>	<u>-</u>	<u>-</u>
Total pupils	<u>5,399,383</u>	<u>1,148,913</u>	<u>563,280</u>	<u>14,697</u>
Instructional staff:				
Improvement of instruction services	490,781	117,078	131,165	50,332
Educational media services	220,740	42,077	218,573	5,248
Assessment and testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,659</u>
Total instructional staff	<u>711,521</u>	<u>159,155</u>	<u>349,738</u>	<u>63,239</u>
General administration:				
Board of Education services	2,400	71	350	377
Executive Administration	274,357	66,071	34	11,053
Service area administration services	1,246,071	368,052	73,462	7,220
Tort immunity services	<u>-</u>	<u>(25,445)</u>	<u>-</u>	<u>-</u>
Total general administration	<u>1,522,828</u>	<u>408,749</u>	<u>73,846</u>	<u>18,650</u>
Business:				
Direction of business support services	370,273	114,056	210,756	49,143
Fiscal services	-	-	12,340	-
Operation and maintenance of plant services	296,805	123,359	156,612	173,543
Pupil transportation services	50,092	30,350	16,735	3,454
Food services	<u>-</u>	<u>-</u>	<u>56,557</u>	<u>-</u>
Total business	<u>717,170</u>	<u>267,765</u>	<u>453,000</u>	<u>226,140</u>



**Southwest Cook County Cooperative  
Association for Special Education**  
Schedule of Expenditures - Actual and Budget  
Year Ended June 30, 2020

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Actual	Budget	Variance
\$ 46,054	\$ 600	\$ 117,527	\$ -	\$ 19,542,827	\$ 15,194,525	\$ (4,348,302)
-	275	-	-	658,912	832,383	173,471
-	-	-	-	3,500	4,500	1,000
-	-	-	-	<u>404,800</u>	<u>417,699</u>	<u>12,899</u>
<u>46,054</u>	<u>875</u>	<u>117,527</u>	<u>-</u>	<u>20,610,039</u>	<u>16,449,107</u>	<u>(4,160,932)</u>
-	-	-	-	2,217,245	2,135,394	(81,851)
-	-	-	-	2,470,985	2,380,728	(90,257)
-	-	-	-	-	7,000	7,000
-	-	-	-	2,346,657	2,309,419	(37,238)
-	-	-	-	<u>91,386</u>	<u>88,449</u>	<u>(2,937)</u>
-	-	-	-	<u>7,126,273</u>	<u>6,920,990</u>	<u>(202,346)</u>
-	32,145	3,146	-	824,647	917,562	92,915
5,860	-	6,371	-	498,869	578,618	79,749
-	-	-	-	<u>7,659</u>	<u>7,500</u>	<u>(159)</u>
<u>5,860</u>	<u>32,145</u>	<u>-</u>	<u>-</u>	<u>1,331,175</u>	<u>1,503,680</u>	<u>172,505</u>
-	-	-	-	3,198	6,294	3,096
-	-	-	-	351,515	356,880	5,365
-	-	912	-	1,695,717	1,698,635	2,918
-	-	-	-	<u>(25,445)</u>	<u>40,000</u>	<u>65,445</u>
-	-	<u>912</u>	<u>-</u>	<u>2,024,985</u>	<u>2,101,809</u>	<u>76,824</u>
-	-	-	-	744,228	822,593	78,365
-	-	-	-	12,340	29,150	16,810
133,895	-	7,061	-	891,275	1,292,928	401,653
-	-	-	-	100,631	305,030	204,399
-	-	-	-	<u>56,557</u>	<u>160,900</u>	<u>104,343</u>
<u>133,895</u>	<u>-</u>	<u>7,061</u>	<u>-</u>	<u>1,805,031</u>	<u>2,610,601</u>	<u>805,570</u>

# Southwest Cook County Cooperative Association for Special Education

## Schedule of Expenditures - Actual and Budget Year Ended June 30, 2020

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials
<b>Support Services:</b>				
Central:				
Information services	-	-	2,024	-
Staff services	-	67,404	65,853	9,523
Data processing services	-	-	<u>70,985</u>	-
Total central	-	<u>67,404</u>	<u>138,862</u>	<u>9,523</u>
Total support services	<u>8,350,902</u>	<u>2,051,986</u>	<u>1,578,726</u>	<u>332,249</u>
Community services	-	-	<u>99</u>	<u>1,155</u>
Payments to other districts and government units				
Special education programs	-	-	<u>178,227</u>	-
Total General Fund	<u>\$ 19,453,498</u>	<u>\$ 10,420,283</u>	<u>\$ 2,483,131</u>	<u>\$ 582,015</u>
<b>Transportation Fund:</b>				
Support Services:				
Business:				
Pupil transportation services	\$ <u>(9,526)</u>	\$ -	\$ <u>(3,351)</u>	\$ -
Total Transportation Fund	<u>\$ (9,526)</u>	<u>\$ -</u>	<u>\$ (3,351)</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 19,443,972</u>	<u>\$ 10,420,283</u>	<u>\$ 2,479,780</u>	<u>\$ 582,015</u>

**Southwest Cook County Cooperative  
Association for Special Education**  
Schedule of Expenditures - Actual and Budget  
Year Ended June 30, 2020

Capital Outlay	Other Objects	Non-Capitalized Equipment	Termination Benefits	Actual	Budget	Variance
-	-	-	-	2,024	2,100	76
-	-	-	-	142,780	167,814	25,034
-	-	-	-	<u>70,985</u>	<u>73,000</u>	<u>2,015</u>
-	-	-	-	<u>215,789</u>	<u>242,914</u>	<u>27,125</u>
<u>139,755</u>	<u>32,145</u>	<u>7,973</u>	-	<u>12,503,253</u>	<u>13,379,994</u>	<u>876,741</u>
-	-	-	-	<u>1,254</u>	<u>2,708</u>	<u>1,454</u>
-	-	-	-	<u>178,227</u>	<u>213,000</u>	<u>34,773</u>
<u>\$ 185,809</u>	<u>\$ 33,020</u>	<u>\$ 125,500</u>	<u>\$ -</u>	<u>\$ 33,292,773</u>	<u>\$ 30,044,809</u>	<u>\$ (3,247,964)</u>
-	-	-	-	(12,877)	-	12,877
-	-	-	-	<u>(12,877)</u>	<u>-</u>	<u>12,877</u>
<u>\$ 185,809</u>	<u>\$ 33,020</u>	<u>\$ 125,500</u>	<u>\$ -</u>	<u>\$ 33,279,896</u>	<u>\$ 30,044,809</u>	<u>\$ (3,235,087)</u>