



Eder, Casella & Co.
815.344.1300
www.edercasella.com

**LAKE ZURICH COMMUNITY UNIT
SCHOOL DISTRICT NO. 95
STATE OF ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

eder, casella & co

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lake Zurich Community Unit School District No. 95
Lake Zurich, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of

Lake Zurich Community Unit School District No. 95

as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Lake Zurich Community Unit School District No. 95 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, the District implemented GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of Lake Zurich Community Unit School District No. 95'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 the District'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 Lake Zurich Community Unit School District No. 95's internal control over financial reporting and compliance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 20, 2021



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

To the Board of Education
Lake Zurich Community Unit School District No. 95
Lake Zurich, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of

Lake Zurich Community Unit School District No. 95

as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lake Zurich Community Unit School District No. 95's basic financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Zurich Community Unit School District No. 95's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Zurich Community Unit School District No. 95's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake Zurich Community Unit School District No. 95's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Zurich Community Unit School District No. 95's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002.

Lake Zurich Community Unit School District No. 95's Response to Findings

Lake Zurich Community Unit School District No. 95's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lake Zurich Community Unit School District No. 95's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 20, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Lake Zurich Community Unit School District No. 95

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

The Management's Discussion and Analysis of Lake Zurich Community Unit School District No. 95's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2021. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$132,815,981 (net position).
- The District's total net position increased by \$9,095,991, including a net position adjustment of \$80,118. This increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses.
- At June 30, 2021 the District's governmental funds reported combined ending fund balances of \$115,968,873, a decrease of \$16,521,867 in comparison with the prior year. This includes a fund balance adjustment of \$80,118.
- At June 30, 2021 the unassigned fund balance for the General Fund was \$57,334,615, or 51.7% of total General Fund expenditures.
- The District's total long-term debt decreased by \$2,520,406 during the year ended June 30, 2021 due to retirement of existing debt offset by issuance of new long-term debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Governmental activities include instruction, support services, operations and maintenance, transportation, food services, and certain other activities and expenses such as payments to other districts and governmental units and interest and fees.

The government-wide financial statements can be found on the pages listed in the table of contents.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds (the District maintains no fiduciary or proprietary funds).

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, and Capital Projects Funds, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is required supplementary information, has been provided for the General Fund and each major special revenue fund to demonstrate compliance with this budget.

The basic fund financial statements can be found on the pages listed in the table of contents.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages listed in the table of contents.

Other Information - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain supplementary information concerning the District's progress in meeting its obligation to provide fully adequate educational services and extracurricular activities to all of its resident's students.

Supplemental financial information can be found on the pages listed in the table of contents.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,815,981 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2021 and 2020:

Lake Zurich Community Unit School District No. 95's Net Position at Year-End

	Governmental Activities	
	FY 2021	FY 2020
Assets		
Current and Other Assets	\$ 170,097,316	\$ 193,571,130
Capital Assets	167,954,831	144,826,104
Total Assets	\$ 338,052,147	\$ 338,397,234
Deferred Outflows of Resources		
Pension Expense - IMRF	\$ 563,912	\$ 2,947,162
Pension Expense - TRS	219,256	296,275
OPEB Expense - THIS	1,357,639	1,705,134
OPEB Expense - IMRF/TRS	152,169	172,908
Employer Pension Contribution - IMRF	422,767	413,647
Employer Pension Contribution - TRS	261,437	282,205
Employer OPEB Contribution - THIS	413,956	410,456
Total Deferred Outflows of Resources	\$ 3,391,136	\$ 6,227,787
Liabilities		
Other Liabilities	\$ 10,817,320	\$ 18,631,648
Long-Term Liabilities Outstanding	139,752,229	147,057,903
Total Liabilities	\$ 150,569,549	\$ 165,689,551
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes	\$ 43,810,137	\$ 43,162,208
Pension Revenue - IMRF	2,632,295	3,196,689
Pension Revenue - TRS	1,124,557	1,334,154
OPEB Revenue - THIS	10,458,257	7,483,713
OPEB Revenue - IMRF/TRS	32,507	38,716
Total Deferred Inflows of Resources	\$ 58,057,753	\$ 55,215,480
Net Position		
Net Investment in Capital Assets	\$ 87,440,831	\$ 87,653,331
Restricted	38,947,131	36,651,783
Unrestricted	6,428,019	(585,124)
Total Net Position	\$ 132,815,981	\$ 123,719,990

The net investment in capital assets (65.8% of total net position) represents assets such as land, buildings, and equipment less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (29.3%) represents resources that are subject to external restrictions on how they may be used.

The District's net position increased by \$9,095,991, including a net position adjustment of \$80,118. Substantially, all of this increase represents the degree to which increases in ongoing revenues exceeded similar increases in ongoing expenses

Governmental Activities. Governmental activities increased the District's net position by \$9,095,991, including a net position adjustment of \$80,118. Key elements of this increase are as follows:

Lake Zurich Community Unit School District No. 95's Change in Net Position

	Governmental Activities	
	FY 2021	FY 2020
Revenues:		
Program Revenues		
Charges for Services	\$ 2,298,905	\$ 3,107,136
Operating Grants and Contributions	45,614,197	40,601,210
Capital Grants and Contributions	217,429	111,420
General Revenues:		
Property Taxes	86,740,093	85,315,290
Other Payments in Lieu of Taxes	365,633	263,440
Grants and Contributions not Restricted to Specific Activities	4,040,451	4,040,441
Unrestricted Investment Earnings	70,741	1,858,557
TIF Revenues	539,664	505,043
Gain/(Loss) on Sale of Capital Assets	-	433,580
Miscellaneous	88,958	27,569
Total Revenues	<u>\$ 139,976,071</u>	<u>\$ 136,263,686</u>
Expenses:		
Instruction	\$ 88,253,461	\$ 85,470,959
Support Services	36,065,335	35,853,067
Community Services	101,767	104,937
Intergovernmental Payments	303,116	471,640
Interest and Fees on Long-Term Debt	2,027,256	2,490,042
Depreciation - Unallocated	4,209,262	3,740,882
Total Expenses	<u>\$ 130,960,198</u>	<u>\$ 128,131,527</u>
Change in Net Position	\$ 9,015,873	\$ 8,132,159
Net Position - Beginning	123,719,990	115,587,831
Net Position Adjustment (Note 15)	80,118	-
Net Position - Ending	<u>\$ 132,815,981</u>	<u>\$ 123,719,990</u>

- Property Taxes increased by \$1,424,803 over the prior year due to an overall increase in the EAV for the District.
- Operating Grants and Contributions increased by \$5,012,987 primarily due to a \$2,988,443 increase in State Retirement Contributions, as well as an increase of \$947,318 in special education programs and a \$813,993 increase in food service revenue.
- The District's total expenses increased \$2,828,671 (2.2%) primarily due to a \$2,988,443 increase in State Retirement Contributions.

Financial Analysis of the District's Funds

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

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

As of June 30, 2021, the District's six governmental funds reported combined ending fund balances of \$115,968,873, a decrease of 16,521,867 in comparison with the prior year

General Fund – The greatest variety and the largest volume of transactions shall be recorded in the General Fund because the General Fund covers transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional, health, and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include educational and working cash tax levies, tuition, and textbook rentals.

At June 30, 2021 the General Fund had an unassigned fund balance of \$57,334,615. This unassigned fund balance represents 51.7% of total General Fund expenditures.

The remaining five funds had a combined fund balance of \$56,884,251. The significant transactions of these funds for the year ended June 30, 2021 are summarized as follows:

	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund
Beginning Fund Balance	\$ 10,741,669	\$ 7,046,024	\$ 5,490,133	\$ 1,713,735	\$ 51,641,158
Net Change in Fund Balance	1,153,092	(2,551,209)	559,326	(109,182)	(18,800,495)
Ending Fund Balance	<u>\$ 11,894,761</u>	<u>\$ 4,494,815</u>	<u>\$ 6,049,459</u>	<u>\$ 1,604,553</u>	<u>\$ 32,840,663</u>

The Debt Services Fund had a decrease in fund balance due a decrease in property tax revenue, and an increase in interest and fee expenditures. The Illinois Municipal Retirement/Social Security Fund had a decrease in fund balance due to an increase in benefits paid. The Capital Projects Fund had a decrease in fund balance due to a decrease in investment earnings and capital outlay expenditures being higher than the interfund transfers made by the General Fund, and the issuance of series 2021 general obligation bonds.

General Fund Budgetary Highlights

Significant differences between budgeted and actual revenues and expenditures are summarized as follows:

- The difference between budgeted revenues and actual revenues was \$4,171,826 (unfavorable) which is 3.7% of total revenues. The most significant factor was state retirement contributions being higher than budgeted by \$6,734,941.
- The difference between budgeted expenditures and actual expenditures was \$154,442 (favorable) which is 0.1% of total expenditures.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2021 the District had invested \$167,954,831 (net of depreciation) in a broad range of capital assets, including land, building and building improvements, site improvements and infrastructure, capitalized equipment, and construction in progress. Total depreciation expense for the year was \$4,881,601.

Major capital asset events during the current fiscal year included the following:

- Major building improvement projects finalized in the current year at: Sarah Adams (\$4,325,482), May Whitney (\$34,398,998), Seth Paine (\$12,985,620) and Isaac Fox (\$5,434,499).
- Miscellaneous equipment purchases (\$182,859) and food service equipment purchases (\$233,863).

Lake Zurich Community Unit School District No. 95's Capital Assets
(net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 11,953,158	\$ 11,953,158
Building and Building Improvements	136,385,924	82,608,453
Site Improvements and Infrastructure	6,670,442	7,236,729
Capitalized Equipment	5,441,202	5,972,667
Construction in Progress	7,504,105	37,055,097
	\$ 167,954,831	\$ 144,826,104

For more detail on the District's capital assets, see Note 4 in the Notes to the Financial Statements.

Long-Term Debt. At June 30, 2021 the District had \$79,575,467 in long-term debt.

Lake Zurich Community Unit School District No. 95's Outstanding Debt

	Governmental Activities	
	2021	2020
Bonds	\$ 76,695,000	\$ 81,646,227
Lease/Purchase Agreements	2,880,467	449,646
Total	\$ 79,575,467	\$ 82,095,873

For more detail on the District's long-term debt see Note 5 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

Fiscal year 2021 represents the 14th consecutive balanced budget adopted by the District. The District annually completes a five-year long-range plan to anticipate and address the revenue and expenses of the District. The District's 2020 assessed property values decline slightly due to a multiplier being applied to the assessed value. Standard and Poor's reaffirmed the District's AAA bond rating in 2020. The communities served by the District strongly support the District; this was illustrated by passing a building referendum for \$77,600,000 by a 2 to 1 vote. \$5.3M in debt extension bonds were issued in January 2021 for the purpose of capital improvements. The District has a stable workforce and has a labor agreement with the District's certified staff through the 2021-2022 school year.

The fiscal year 2022 budget is balanced on an operating fund basis. The District will continue spending referendum dollars from the Site and Construction Fund and local funds where revenue was received in prior fiscal years for the referendum related capital improvement projects. The District has strong fund balances to weather an economic downturn from the COVID-19 pandemic and related supply chain issues.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District at the following address:

Lake Zurich Community Unit School District No. 95
832 South Rand Road
Lake Zurich, IL 60047-2459

BASIC FINANCIAL STATEMENTS

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 120,093,411
Investments, at Fair Value	21,066
Interest Receivable, net of allowance of \$0	74,948
Taxes Receivable, net of allowance of \$0	47,676,554
Due from Other Governments, net of allowance of \$0	1,641,407
Prepaid Expenses	457,687
IMRF Pension Asset	132,243
Capital Assets:	
Land	11,953,158
Construction in Progress	7,504,105
Depreciable Buildings, Property, and Equipment, net of depreciation	148,497,568
Total Assets	\$ 338,052,147
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Expense - IMRF	\$ 563,912
Deferred Pension Expense - TRS	219,256
Deferred OPEB Expense - THIS	1,357,639
Deferred OPEB Expense - IMRF/TRS	152,169
Deferred Employer Pension Contributions - IMRF	422,767
Deferred Employer Pension Contributions - TRS	261,437
Deferred Employer OPEB Contributions - THIS	413,956
Total Deferred Outflows of Resources	\$ 3,391,136
Total Assets and Deferred Outflows of Resources	\$ 341,443,283
LIABILITIES	
Accounts Payable	\$ 4,702,829
Accrued Expenses	640,622
Payroll Liabilities	5,350,235
Unearned Revenue	123,634
Long-Term Liabilities	
Due Within One Year	5,100,119
Due in More Than One Year	134,652,110
Total Liabilities	\$ 150,569,549
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 43,810,137
Deferred Pension Revenue - IMRF	2,632,295
Deferred Pension Revenue - TRS	1,124,557
Deferred OPEB Revenue - THIS	10,458,257
Deferred OPEB Revenue - IMRF/ TRS	32,507
Total Deferred Inflows of Resources	\$ 58,057,753
NET POSITION	
Net Investment in Capital Assets	\$ 87,440,831
Restricted for:	
Student Activity Funds	68,986
Operations and Maintenance	6,268,207
Debt Service	3,186,230
Transportation	4,583,460
Retirement	1,283,653
Future Capital Projects	23,556,595
Unrestricted/(Deficit)	6,428,019
Total Net Position	\$ 132,815,981

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction					
Regular Programs	\$ 33,322,878	\$ 304,804	\$ 671,743	\$ -	\$ (32,346,331)
Special Education Programs	9,678,464	-	1,427,084	-	(8,251,380)
Special Education Programs Pre-K	493,110	-	-	-	(493,110)
Other Instructional Programs	5,988,887	1,937,731	126,374	-	(3,924,782)
Student Activity Fund	35,182	-	-	-	(35,182)
State Retirement Contributions	38,734,941	-	38,734,941	-	-
Support Services					
Pupil	6,166,346	-	469,364	-	(5,696,982)
Instructional Staff	1,263,089	-	8,249	-	(1,254,840)
General Administration	2,094,452	-	-	-	(2,094,452)
School Administration	5,130,886	-	-	-	(5,130,886)
Business	868,447	-	-	-	(868,447)
Facilities Acquisition and Construction Services	994,558	-	-	217,429	(777,129)
Operations and Maintenance	7,009,637	-	21,222	-	(6,988,415)
Transportation	3,678,561	144	2,014,486	-	(1,663,931)
Food Services	1,114,150	56,226	1,055,896	-	(2,028)
Internal Services	18,630	-	-	-	(18,630)
Central	7,411,074	-	-	-	(7,411,074)
Other Support Services	315,505	-	-	-	(315,505)
Community Services	101,767	-	-	-	(101,767)
Intergovernmental Payments					
Payments to Other Districts and Governmental Units	303,116	-	1,084,838	-	781,722
Debt Services					
Interest and Fees	2,027,256	-	-	-	(2,027,256)
Depreciation - Unallocated	4,209,262	-	-	-	(4,209,262)
Total Governmental Activities	<u>\$ 130,960,198</u>	<u>\$ 2,298,905</u>	<u>\$ 45,614,197</u>	<u>\$ 217,429</u>	<u>\$ (82,829,667)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					\$ 79,198,091
Property Taxes, Levied for Debt Service					7,542,002
Other Payments in Lieu of Taxes					365,633
Grants and Contributions not Restricted to Specific Activities					4,040,451
Unrestricted Investment Earnings					70,741
TIF Revenues					539,664
Miscellaneous Income					88,958
Total General Revenues					<u>\$ 91,845,540</u>
Change in Net Position					\$ 9,015,873
Net Position - July 1, 2020					123,719,990
Net Position Adjustment (Note 15)					<u>80,118</u>
Net Position - June 30, 2021					<u>\$ 132,815,981</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 60,120,986	\$ 11,628,041	\$ 4,185,046	\$ 5,662,728	\$ 1,583,006	\$ 36,913,604	\$ 120,093,411
Investments, at Fair Value	-	-	-	21,066	-	-	21,066
Interest Receivable, net of allowance of \$0	-	74,948	-	-	-	-	74,948
Taxes Receivable, net of allowance of \$0	35,133,652	6,887,909	3,862,393	757,699	1,034,901	-	47,676,554
Due from Other Governments, net of allowance of \$0	1,140,980	-	-	500,427	-	-	1,641,407
Prepaid Items	449,633	283	1,555	6,216	-	-	457,687
Total Assets	\$ 96,845,251	\$ 18,591,181	\$ 8,048,994	\$ 6,948,136	\$ 2,617,907	\$ 36,913,604	\$ 169,965,073
LIABILITIES							
Accounts Payable	\$ 207,887	\$ 308,828	\$ -	\$ 113,173	\$ -	\$ 4,072,941	\$ 4,702,829
Accrued Expenditures	9,365	-	-	-	-	-	9,365
Payroll Liabilities	5,151,599	49,330	-	88,268	61,038	-	5,350,235
Unearned Revenue	123,634	-	-	-	-	-	123,634
Total Liabilities	\$ 5,492,485	\$ 358,158	\$ -	\$ 201,441	\$ 61,038	\$ 4,072,941	\$ 10,186,063
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	\$ 32,268,144	\$ 6,338,262	\$ 3,554,179	\$ 697,236	\$ 952,316	\$ -	\$ 43,810,137
Total Deferred Inflows of Resources	\$ 32,268,144	\$ 6,338,262	\$ 3,554,179	\$ 697,236	\$ 952,316	\$ -	\$ 43,810,137
FUND BALANCES							
Nonspendable							
Prepaid Expenses	\$ 449,633	\$ 283	\$ 1,555	\$ 6,216	\$ -	\$ -	\$ 457,687
Restricted							
Student Activity Funds	68,986	-	-	-	-	-	68,986
Operations and Maintenance	-	6,268,207	-	-	-	-	6,268,207
Debt Service	-	-	3,186,230	-	-	-	3,186,230
Transportation	-	-	-	4,583,460	-	-	4,583,460
Illinois Municipal Retirement	-	-	-	-	811,245	-	811,245
Social Security	-	-	-	-	472,408	-	472,408
Capital Projects	-	-	-	-	-	30,392,098	30,392,098
Committed							
Construction Projects	-	-	-	-	-	1,981,587	1,981,587
Assigned							
Health Insurance Funds	1,231,388	-	-	-	-	-	1,231,388
Operations and Maintenance	-	5,626,271	-	-	-	-	5,626,271
Debt Service	-	-	1,307,030	-	-	-	1,307,030
Transportation	-	-	-	1,459,783	-	-	1,459,783
Illinois Municipal Retirement	-	-	-	-	320,900	-	320,900
Capital Projects	-	-	-	-	-	466,978	466,978
Unassigned	57,334,615	-	-	-	-	-	57,334,615
Total Fund Balances	\$ 59,084,622	\$ 11,894,761	\$ 4,494,815	\$ 6,049,459	\$ 1,604,553	\$ 32,840,663	\$ 115,968,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 96,845,251	\$ 18,591,181	\$ 8,048,994	\$ 6,948,136	\$ 2,617,907	\$ 36,913,604	\$ 169,965,073

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Total Fund Balances - Governmental Funds \$ 115,968,873

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.

Deferred Pension Expense - IMRF	\$	986,679	
Deferred Pension Expense - TRS		480,693	
Deferred OPEB Expense - THIS		1,771,595	
Deferred OPEB Expense - IMRF/TRS		152,169	
Deferred Pension Revenue - IMRF		(2,632,295)	
Deferred Pension Revenue - TRS		(1,124,557)	
Deferred OPEB Revenue - THIS		(10,458,257)	
Deferred OPEB Revenue - IMRF/ TRS		<u>(32,507)</u>	
			(10,856,480)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$	240,653,380	
Accumulated Depreciation on Capital Assets		<u>(72,698,549)</u>	
			167,954,831

Deferred charges and credits for debt issue discounts or premiums are not financial resources and therefore are not reported in the funds.

Bond Premiums, net of related amortization (7,774,036)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and Notes Payable	\$	(79,575,467)	
Accrued Interest on Long-Term Debt		(631,257)	
Compensated Absences Payable		(339,017)	
Net Pension Liability - IMRF		132,243	
Net Pension Liability - TRS		(4,576,885)	
Net OPEB Liability - THIS		(47,148,768)	
Total OPEB Liability - IMRF/TRS		<u>(338,056)</u>	
			<u>(132,477,207)</u>

Net Position of Governmental Activities \$ 132,815,981

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
REVENUES							
Property Taxes	\$ 63,467,555	\$ 12,552,337	\$ 7,542,002	\$ 1,353,226	\$ 1,824,973	\$ -	\$ 86,740,093
Payments in Lieu of Taxes	275,633	-	-	-	90,000	-	365,633
Tuition	302,999	-	-	-	-	-	302,999
Transportation Fees	-	-	-	144	-	-	144
Earnings on Investments	29,714	8,388	1,579	3,342	932	26,786	70,741
Food Services	56,226	-	-	-	-	-	56,226
District/School Activity Income	1,253,792	-	-	-	-	-	1,253,792
Textbooks	242,373	-	-	-	-	-	242,373
Other Local Sources	896,294	143,932	-	42,727	-	227,691	1,310,644
State Aid	5,228,283	-	-	2,014,486	1,956	-	7,244,725
Federal Aid	3,625,288	-	-	-	28,472	-	3,653,760
State Retirement Contributions	38,734,941	-	-	-	-	-	38,734,941
Total Revenues	\$ 114,113,098	\$ 12,704,657	\$ 7,543,581	\$ 3,413,925	\$ 1,946,333	\$ 254,477	\$ 139,976,071
EXPENDITURES							
Current							
Instruction							
Regular Programs	\$ 32,491,597	\$ -	\$ -	\$ -	\$ 437,387	\$ -	\$ 32,928,984
Special Education Programs	9,347,915	-	-	-	271,382	-	9,619,297
Special Education Programs Pre-K	467,546	-	-	-	25,564	-	493,110
Other Instructional Programs	5,836,994	-	-	-	109,743	-	5,946,737
Student Activity Fund	35,182	-	-	-	-	-	35,182
State Retirement Contributions	38,734,941	-	-	-	-	-	38,734,941
Support Services							
Pupil	5,913,809	-	-	-	199,216	-	6,113,025
Instructional Staff	1,221,212	-	-	-	33,990	-	1,255,202
General Administration	2,027,290	-	-	-	36,905	-	2,064,195
School Administration	4,829,013	-	-	-	157,579	-	4,986,592
Business	818,332	-	-	-	39,605	-	857,937
Facilities Acquisition and Construction Services	-	-	-	-	-	994,558	994,558
Operations and Maintenance	24,000	6,823,305	-	-	186,960	-	7,034,265
Transportation	-	-	-	2,854,599	201,105	-	3,055,704
Food Services	1,028,874	66,291	-	-	-	-	1,095,165
Internal Services	18,630	-	-	-	-	-	18,630
Central	7,030,860	-	-	-	328,175	-	7,359,035
Other Support Services	294,118	-	-	-	21,410	-	315,528
Community Services	96,282	-	-	-	6,494	-	102,776
Intergovernmental Payments							
Payments to Other Districts and Governmental Units	290,519	12,597	-	-	-	-	303,116
Debt Services							
Principal	-	-	3,664,699	-	-	-	3,664,699
Interest and Fees	-	-	6,939,049	-	-	-	6,939,049
Capital Outlay	298,454	82,792	-	-	-	27,629,083	28,010,329
Total Expenditures	\$ 110,805,568	\$ 6,984,985	\$ 10,603,748	\$ 2,854,599	\$ 2,055,515	\$ 28,623,641	\$ 161,928,056

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Total Governmental Funds
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,307,530	\$ 5,719,672	\$ (3,060,167)	\$ 559,326	\$ (109,182)	\$ (28,369,164)	\$ (21,951,985)
OTHER FINANCING SOURCES (USES)							
Interfund Transfers	\$ (5,469,047)	\$ (4,566,580)	\$ 466,958	\$ -	\$ -	\$ 9,568,669	\$ -
Principal on Bonds Sold	5,308,000	-	42,000	-	-	-	5,350,000
Total Other Financing Sources (Uses)	\$ (161,047)	\$ (4,566,580)	\$ 508,958	\$ -	\$ -	\$ 9,568,669	\$ 5,350,000
	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ 3,146,483	\$ 1,153,092	\$ (2,551,209)	\$ 559,326	\$ (109,182)	\$ (18,800,495)	\$ (16,601,985)
FUND BALANCE - JULY 1, 2020	55,858,021	10,741,669	7,046,024	5,490,133	1,713,735	51,641,158	132,490,740
FUND BALANCE ADJUSTMENT (NOTE 15)	80,118	-	-	-	-	-	80,118
FUND BALANCE - JUNE 30, 2021	<u>\$ 59,084,622</u>	<u>\$ 11,894,761</u>	<u>\$ 4,494,815</u>	<u>\$ 6,049,459</u>	<u>\$ 1,604,553</u>	<u>\$ 32,840,663</u>	<u>\$ 115,968,873</u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds		\$ (16,601,985)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.</p>		
Depreciation Expense	\$ (4,881,601)	
Capital Outlays	<u>28,010,328</u>	23,128,727
<p>Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.</p>		
Proceeds from Long-Term Debt		(5,350,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Amortization of Bond Premiums	\$ 623,877	
Accrued Interest	82,209	
Accreted Interest	4,205,707	
Compensated Absences	(56,721)	
Pension Expense - IMRF	(475,327)	
Pension Expense - TRS	(147,710)	
Pension Expense - THIS	(1,506,029)	
Pension Expense - IMRF/TRS	<u>(42,831)</u>	2,683,175
<p>Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.</p>		
Pension Contributions - IMRF	\$ 792,877	
Pension Contributions - TRS	238,024	
OPEB Contributions - THIS	413,922	
OPEB Contributions - IMRF/TRS	<u>46,434</u>	1,491,257
<p>Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.</p>		
Repayment of Long-Term Debt		<u>3,664,699</u>
Change in Net Position of Governmental Activities		<u><u>\$ 9,015,873</u></u>

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

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Zurich Community Unit School District No. 95's (District) accounting policies conform to generally accepted accounting principles as applicable to local education agencies.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB Statements, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District does not have any business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs, payments to other districts and governmental units, etc.). Program revenues include charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

NOTES TO FINANCIAL STATEMENTS (Continued)

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified. Interfund services provided and used are not eliminated in the process of consolidation.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of all governmental funds) for the determination of major funds. The District electively made all governmental funds major funds.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

Governmental Funds

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

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Educational and Working Cash levies and included in this fund.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund) are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest, and related fees on general long-term debt.

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

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. An exception was made to the 60 day recognition period for State Aid revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. *Cash and Cash Equivalents and Investments*

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

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

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

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

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred. The District has adopted a formal written investment and cash management policy.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Prepaid Expenses*

Prepaid expenses are for payments made by the District in the current year for goods and services received in the subsequent fiscal year.

H. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and Building Improvements	5 - 50 years
Site Improvements and Infrastructure	20 years
Capitalized Equipment	5 - 20 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. 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 resource until then. 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 resource until that time.

L. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts up to specified maximums depending on tenure with the District. A portion of unused vacation time can accumulate and carryover to the subsequent year depending upon which department the employee is employed in.

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditure.

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

N. *Government-Wide Net Position*

Net position is divided into three components:

- Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – the remaining net position is reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- **Restricted** – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- **Committed** – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- **Assigned** – Assigned fund balances are amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. Pursuant to a resolution by the Board of Education, the Assistant Superintendent of Business and Operations has been delegated this authority.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt services fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

- **Unassigned** – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue, debt services, and capital projects funds.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

P. *Property Tax Calendar and Revenues*

The District’s property tax is levied each calendar year on all taxable real property located in the District’s district on or before the last Tuesday in December. The 2020 levy was passed by the Board on December 3, 2020. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

Q. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Investments

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

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 94,647,746	\$ 94,647,746	\$ -	\$ -	\$ -
Total	\$ 94,647,746	\$ 94,647,746	\$ -	\$ -	\$ -

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

Interest Rate Risk. The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments based on credit risk. The District has an investment policy that would further limit its investment choices. As of June 30, 2021, the District's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAA ^m	Standard and Poor's

NOTE 3 - FAIR VALUE MEASUREMENT

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

Investments by fair value level	6/30/2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 21,066	\$ -	\$ 21,066
Total Investments by fair value level	\$ 21,066	\$ -	\$ 21,066

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - CAPITAL ASSETS

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

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 11,953,158	\$ -	\$ -	\$ 11,953,158
Construction in Progress	37,055,097	7,354,179	36,905,171	7,504,105
Total Capital Assets not being depreciated	<u>\$ 49,008,255</u>	<u>\$ 7,354,179</u>	<u>\$ 36,905,171</u>	<u>\$ 19,457,263</u>
Other Capital Assets				
Building and Building Improvements	\$ 141,315,691	\$ 57,144,598	\$ -	\$ 198,460,289
Site Improvements and Infrastructure	12,122,367	-	-	12,122,367
Capitalized Equipment	10,196,739	416,722	-	10,613,461
Total Other Capital Assets at historical cost	<u>\$ 163,634,797</u>	<u>\$ 57,561,320</u>	<u>\$ -</u>	<u>\$ 221,196,117</u>
Less Accumulated Depreciation for				
Building and Building Improvements	\$ 58,707,238	\$ 3,367,127	\$ -	\$ 62,074,365
Site Improvements and Infrastructure	4,885,638	566,287	-	5,451,925
Capitalized Equipment	4,224,072	948,187	-	5,172,259
Total Accumulated Depreciation	<u>\$ 67,816,948</u>	<u>\$ 4,881,601</u>	<u>\$ -</u>	<u>\$ 72,698,549</u>
Other Capital Assets, Net	<u>\$ 95,817,849</u>	<u>\$ 52,679,719</u>	<u>\$ -</u>	<u>\$ 148,497,568</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,826,104</u>	<u>\$ 60,033,898</u>	<u>\$ 36,905,171</u>	<u>\$ 167,954,831</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
Transportation	\$ 653,354
Food Services	18,985
Unallocated	4,209,262
Total Governmental Activities Depreciation Expense	<u>\$ 4,881,601</u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Interest Accretion	Additions	Retirement	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:						
Long-Term Debt						
Capital Appreciation						
Bonds, 2000B	\$ 2,207,093	\$ -	\$ -	\$ 2,207,093	\$ -	\$ -
Accreted Interest						
2000B Bonds	4,206,428	371,479	-	4,577,907	-	-
GO Limited Tax School						
Bonds, Series 2017	1,800,000	-	-	1,120,000	680,000	680,000
GO Bond, Series 2019	36,750,000	-	-	-	36,750,000	1,435,000
GO Bond, Series 2020	33,915,000	-	-	-	33,915,000	1,680,000
GO Bond, Series 2021	-	-	5,350,000	-	5,350,000	480,000
Lease/Purchase Agreements	449,646	-	-	144,500	305,146	149,818
Admin Building Capital Lease	2,767,706	-	-	192,385	2,575,321	201,223
Total Long-Term Debt	<u>\$ 82,095,873</u>	<u>\$ 371,479</u>	<u>\$ 5,350,000</u>	<u>\$ 8,241,885</u>	<u>\$ 79,575,467</u>	<u>\$ 4,626,041</u>
Other Long-Term Liabilities						
Net Pension Liability - IMRF	\$ 1,995,043	\$ -	\$ -	\$ 1,995,043	\$ -	\$ -
Net Pension Liability - TRS	4,555,389	-	21,496	-	4,576,885	-
Total OPEB Liability - IMRF/TRS	356,189	-	-	18,133	338,056	-
Net OPEB Liability - THIS	49,375,200	-	-	2,226,432	47,148,768	-
Bond Premiums	8,397,913	-	-	623,877	7,774,036	474,078
Compensated Absences	282,296	-	57,684	963	339,017	-
Total Other Long-Term Liabilities	<u>\$ 64,962,030</u>	<u>\$ -</u>	<u>\$ 79,180</u>	<u>\$ 4,864,448</u>	<u>\$ 60,176,762</u>	<u>\$ 474,078</u>
Governmental Activities Long-Term Liabilities	<u>\$ 147,057,903</u>	<u>\$ 371,479</u>	<u>\$ 5,429,180</u>	<u>\$ 13,106,333</u>	<u>\$ 139,752,229</u>	<u>\$ 5,100,119</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Bonds and notes payable consisted of the following at June 30, 2021:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
GO Limited Tax School Bonds, Series 2017	1/1/2022	2.01%	\$ 4,000,000	\$ 680,000
GO Bond, Series 2019	1/15/2039	4.00%	36,750,000	36,750,000
GO Bond, Series 2020	1/15/2036	2.125% - 5.00%	33,915,000	33,915,000
GO Bond, Series 2021	1/15/2026	0.6% - 0.9%	5,350,000	5,350,000
Copier Lease	11/5/2022	2.35%	747,727	305,146
Admin Building Capital Lease	4/30/2024	4.50%	3,142,345	2,575,321
Total			<u>\$ 83,905,072</u>	<u>\$ 79,575,467</u>

At June 30, 2021 the annual debt service requirements to service long-term debt are:

Year Ending June 30	Principal	Interest	Total
2022	\$ 4,626,041	\$ 2,885,974	\$ 7,512,015
2023	4,815,795	2,714,496	7,530,291
2024	6,783,631	2,585,995	9,369,626
2025	4,805,000	2,287,158	7,092,158
2026	4,945,000	2,115,348	7,060,348
2027-2031	21,245,000	7,891,690	29,136,690
2032-2036	24,300,000	3,802,890	28,102,890
2037-2039	8,055,000	652,800	8,707,800
	<u>\$ 79,575,467</u>	<u>\$ 24,936,351</u>	<u>\$ 104,511,818</u>

Payments for compensated absences are made from the fund(s) from which the salaries are paid for each individual employee (i.e. General Fund or Transportation Fund).

Reconciliation to the Statement of Net Position

The following summarizes non-current liabilities as shown on the Statement of Net Position:

	Due Within One Year	Due in More Than One Year	Total
Bonds and Notes Payable	\$ 4,626,041	\$ 74,949,426	\$ 79,575,467
Bond Premiums, net of amortization	474,078	7,299,958	7,774,036
Other Long-Term Liabilities	-	52,402,726	52,402,726
	<u>\$ 5,100,119</u>	<u>\$ 134,652,110</u>	<u>\$ 139,752,229</u>

NOTE 6 - DEFICIT FUND BALANCE

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

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2020 tax levy. The unavailable revenue is 50% of the 2020 tax levy. These taxes are unavailable as only a portion of the taxes (approximately 50%) are collected before the end of the fiscal year and the District does not consider the remaining amounts to be available and does not budget for their use until the following fiscal year. The District has determined that 50% of the 2020 tax levy (\$43,810,138) and 50% of the 2019 tax levy, plus back taxes, less uncollectible amounts (\$42,929,955) are allocable for use in fiscal year 2021. Therefore, 50% of each of these levies are recorded in these financial statements as property taxes revenue. A summary of tax rates, assessed valuations, and extensions for tax years 2020, 2019, and 2018 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

TAX YEAR ASSESSED VALUATION	2020		2019		2018	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$ 1,721,018,622		\$ 1,731,428,495		\$ 1,682,812,325
Educational	3.6945	\$ 63,583,687	3.5758	\$ 61,911,935	3.7160	\$ 62,533,693
Special Education	0.0358	616,950	0.0328	568,393	0.0315	529,817
Operations and Maintenance	0.7366	12,676,524	0.7217	12,495,391	0.6092	10,251,844
Debt Service	0.4130	7,108,358	0.4632	8,019,232	0.4764	8,016,211
Transportation	0.0810	1,394,473	0.0762	1,319,054	0.0720	1,211,911
Municipal Retirement	0.0364	627,191	0.0334	577,812	0.0322	542,067
Social Security	0.0742	1,277,443	0.0680	1,176,887	0.0696	1,171,540
Working Cash	0.0195	335,650	0.0148	255,715	0.0139	233,154
	<u>5.0912</u>	<u>\$ 87,620,276</u>	<u>4.9857</u>	<u>\$ 86,324,419</u>	<u>5.0208</u>	<u>\$ 84,490,237</u>

NOTE 8 - OVEREXPENDITURE OF BUDGET

For the year ended June 30, 2021, the following fund had expenditures that exceeded budgeted amounts:

Fund	Budget	Actual	Excess of Actual Over Budget
Debt Services	\$ 10,564,340	\$ 10,603,748	\$ 39,408

NOTE 9 - RETIREMENT FUND COMMITMENTS

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

General Information About the Pension Plan

Plan Description

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

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

Benefits Provided

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

Contributions

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

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

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2021, State of Illinois contributions recognized by the District were based on the State's proportionate share of the pension expense associated with the District, and the District recognized revenue and expenditures of \$38,178,932 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Districts contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021, were \$261,437 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2021, the District pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$215,898 were paid from federal and special trust funds that required District contributions of \$22,475. 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 employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the

NOTES TO FINANCIAL STATEMENTS (Continued)

District paid \$770 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District follows below:

District's proportionate share of the net pension liability	\$ 4,576,885
State's proportionate share of the net pension liability associated with the District	358,485,433
Total	<u>\$ 363,062,318</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 District'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 District's proportion was 0.0053087%, which was a decrease of 0.0003077% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$38,178,932 and revenue of \$38,178,932 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 44,355	\$ (1,222)	\$ 43,133
Net difference between projected and actual earnings on pension plan investments	136,658	-	136,658
Changes of assumptions	18,754	(48,022)	(29,268)
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,489	(1,075,313)	(1,055,824)
Employer contributions subsequent to the measurement date	261,437	-	261,437
	<u>\$ 480,693</u>	<u>\$ (1,124,557)</u>	<u>(643,864)</u>

\$261,437 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting 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 in these reporting years:

Year Ended June 30	
2022	\$ (379,424)
2023	(311,895)
2024	(162,718)
2025	(32,213)
2026	(19,051)
	<u>\$ (905,301)</u>

NOTES TO FINANCIAL STATEMENTS (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	7.0%, net of pension plan investment expenses, including inflation

In the June 30, 2020 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	4.0%	6.2%
Total	<u>100.0%</u>	

Discount Rate

At June 30, 2020, the discount rate used to measure total pension liability was 7.00%, 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 to 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension 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%
Employer's proportionate share of the net pension liability	\$ 5,555,505	\$ 4,576,885	\$ 3,771,198

TRS Fiduciary Net Position

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*

Plan Description

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

Benefits Provided

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	199
Inactive plan members entitled to but not yet receiving benefits	253
Active plan members	235
Total	<u>687</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2020 was 9.15%. For the fiscal year ended June 30, 2021, the District contributed \$792,877 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset)

The components of the net pension liability/(asset) of the IMRF actuarial valuation performed as of December 31, 2020, and a measurement date as of December 31, 2020, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	32,898,828
IMRF Fiduciary Net Position		33,031,071
District's Net Pension Liability/(Asset)		(132,243)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		100.40%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

Actuarial Assumptions

The total pension liability/(asset) above was determined by an actuarial valuation performed as of December 31, 2020 using the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions	
Inflation	2.25%
Salary Increases	2.85% to 13.75% including inflation
Interest Rate	7.25%
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Projected 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 for the period 2017-2019.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-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 were used. 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 were used.

Long-Term Expected Rate of Return

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	Projected 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%	
Private Equity		6.95%
Hedge Funds		N/A
Commodities		2.85%
Cash Equivalents	1.0%	0.70%
	<u>100.0%</u>	

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:

1. 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
2. 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.00%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

NOTES TO FINANCIAL STATEMENTS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability/(Asset) (A)-(B)
Balances at December 31, 2019	\$ 31,123,142	\$ 29,128,099	\$ 1,995,043
Changes for the year:			
Service Cost	\$ 905,687	\$ -	\$ 905,687
Interest on the Total Pension Liability	2,239,668	-	2,239,668
Differences Between Expected and Actual Experience of the Total Pension Liability	304,441	-	304,441
Changes of Assumptions	(306,090)	-	(306,090)
Contributions - Employer	-	783,757	(783,757)
Contributions - Employee	-	385,897	(385,897)
Net Investment Income	-	4,121,951	(4,121,951)
Benefit Payments, including Refunds of Employee Contributions	(1,368,020)	(1,368,020)	-
Other (Net Transfer)	-	(20,613)	20,613
Net Changes	<u>\$ 1,775,686</u>	<u>\$ 3,902,972</u>	<u>\$ (2,127,286)</u>
Balances at December 31, 2020	<u>\$ 32,898,828</u>	<u>\$ 33,031,071</u>	<u>\$ (132,243)</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability/(Asset)	\$ 3,736,290	\$ (132,243)	\$ (3,245,605)

Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the District recognized pension expense/(income) of \$475,327. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 489,903	\$ -	\$ 489,903
Changes of assumptions	74,009	208,094	(134,085)
Net difference between projected and actual earnings on pension plan investments	-	2,424,201	(2,424,201)
Total deferred amounts to be recognized in pension expense in future periods	<u>\$ 563,912</u>	<u>\$ 2,632,295</u>	<u>\$ (2,068,383)</u>
Pension contributions made subsequent to the measurement date	422,767	-	422,767
Total deferred amounts related to pensions	<u>\$ 986,679</u>	<u>\$ 2,632,295</u>	<u>\$ (1,645,616)</u>

\$422,767 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting 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:

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2021	\$ (433,786)
2022	(270,592)
2023	(960,383)
2024	(403,622)
Total	\$ (2,068,383)

C. *Social Security*

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

NOTE 10 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

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

General Information About the OPEB Plan

Plan Description

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

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under “Central Management Services” (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under “Healthcare and Family Services” (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

Benefits Provided

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

- Teachers’ Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
 - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
 - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
 - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

Contributions

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

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2021, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$556,009 in benefit contributions from the State of Illinois.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state benefit support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 47,148,768
State's proportionate share of the net pension liability associated with the District	63,873,671
Total	<u>\$ 111,022,439</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 District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2020, relative to the contributions of all

NOTES TO FINANCIAL STATEMENTS (Continued)

participating THIS employers and the State during that period. At June 30, 2020, the District's proportion was 0.1763500%, which was a decrease of 0.002045% from its proportion measured as of June 30, 2019. For the year ended June 30, 2021, the District recognized benefit expense of \$1,506,029 and on-behalf revenue/expense of \$556,009 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,252,694)	\$ (1,252,694)
Net difference between projected and actual earnings on pension plan investments	-	(1,342)	(1,342)
Changes of assumptions	15,966	(7,777,130)	(7,761,164)
Changes in proportion and differences between employee contributions and proportionate share of contributions	1,341,673	(1,427,091)	(85,418)
Employer contributions subsequent to the measurement date	413,956	-	413,956
	<u>\$ 1,771,595</u>	<u>\$ (10,458,257)</u>	<u>\$ (8,686,662)</u>

\$413,956 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting 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 in these reporting years:

Year Ending June 30	
2022	\$ (3,814,197)
2023	(3,135,355)
2024	(1,635,739)
2025	(323,824)
2026	(191,503)
	<u>\$ (9,100,618)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Costs	Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend starts 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-2014 Disabled Annuitant Table. Mortality rates pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future improvements using Projection Scale MP-2017.

The actuarial assumptions that were 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

The long-term expected rate of return on OPEB 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 OPEB 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
Illinois Public Treasurers' Investment Pool	100.0%	1.73%
	100.0%	

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 TRIP (Teachers' Retirement Insurance Program) 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 2.45% as of June 30, 2020, and 3.13% as of June 30, 2020. 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, THIS's fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. 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 THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

At June 30, 2020, the discount rate used to measure the total OPEB liability was 2.45%.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.45%, as well as what the District'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%
Employer's proportionate share of the net OPEB liability	\$ 56,666,080	\$ 7	\$ 39,608,568

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher. 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 Valuation Rate	1% Increase (b)
Employer's proportionate share of the net OPEB liability	\$ 37,921,930	\$ 47,148,768	\$ 59,621,594

NOTES TO FINANCIAL STATEMENTS (Continued)

- (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.

B. *Retiree Insurance Plan*

Plan Overview

In addition to providing the pension benefits described in Note 9, the District provides post-employment benefits other than pensions (“OPEB”) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the District’s governmental activities.

Benefits Provided

The District provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Illinois Municipal Retirement Fund (IMRF). IMRF employees may continue coverage into retirement on the District plan if they pay the entire premium. Dependents may also continue coverage on a pay-all basis. Coverage may continue for as long as required contributions are paid. All health care benefits are provided through the District’s insured health plan. The benefit levels are the same as those afforded to active employees.

Eligibility

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

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

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

Regular Plan Tier 2 (Enrolled in IMRF On or After January 1, 2011)

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

Membership

Membership in the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Active employees	238
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees currently receiving benefits	5
Total	<u>243</u>

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

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, unless otherwise specified:

NOTES TO FINANCIAL STATEMENTS (Continued)

Actuarial Method	Entry Age Normal
Discount rate	2.18%
Inflation	3.00%
Salary Rate Increase	4.00%
Health Care Trend	
	Initial Trend Rate 4.50%
	Ultimate Trend Rate 4.50%
	FY the Ultimate Rate is Reached Constant for all years
Mortality	<p><i>Active Employees</i> - RP-2014 Employee Mortality Table for both males and females with 2-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale</p> <p><i>Retirees</i> - IMRF-specific mortality rates with 2-dimensional, fully generational improvements using the MP-2017 Mortality Improvement Scale projected from 2015. The rates were developed from the RP-2014 Blue Collar Mortality Table with adjustments to match current IMRF experience.</p>
Election at Retirement	5% of IMRF employees are assumed to elect coverage at retirement
Marital Status	40% of employees electing coverage are assumed to be married and to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020. Assumption changes reflect a change in the discount rate of (0.48%) from 2.66% for the beginning of the year values and 2.18% for the disclosure date.

There is no long-term expected rate of return on OPEB plan investments because the District does not have a trust dedicated exclusively to the payment of OPEB benefits.

Discount Rate

The District does not have a dedicated trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 2.18% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2021.

Changes in the Total OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 356,189	\$ -	\$ 356,189
Changes for the year:			
Service Cost	\$ 13,061	\$ -	\$ 13,061
Interest on Total OPEB Liability	8,857	-	8,857
Assumption Changes	6,383	-	6,383
Benefit Payments	(46,434)	-	(46,434)
Net Changes	\$ (18,133)	\$ -	\$ (18,133)
Balances at June 30, 2021	\$ 338,056	\$ -	\$ 338,056

NOTES TO FINANCIAL STATEMENTS (Continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total 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 discount rate:

Plan's Total OPEB Liability/(Asset)		
1% Decrease	Valuation Rate	1% Increase
\$ 354,074	\$ 338,056	\$ 322,873

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Valuation Rate	1% Increase
\$ 317,862	\$ 338,056	\$ 360,543

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$42,831. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 17,985	\$ (17,985)
Changes of Assumptions	152,169	14,522	137,647
Total	\$ 152,169	\$ 32,507	\$ 119,662

Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (7.74 years, active and retired) in the postretirement plan.

Amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year ending June 30	Outflows
2022	\$ 20,912
2023	20,912
2024	20,912
2025	20,912
2026	22,140
Thereafter	13,874
	\$ 119,662

Roll Forward Disclosure

The actuarial valuations were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

NOTE 11 - INTERFUND TRANSFERS

The following funds were transferred for the year ended June 30, 2021:

Transfer from	Transfer to	Amount
General Fund	Debt Services Fund	161,047
General Fund	Operations and Maintenance Fund	5,308,000
Operations and Maintenance Fund	Debt Services Fund	312,996
Operations and Maintenance Fund	Capital Projects Fund	9,568,669
Debt Services Fund	Operations and Maintenance Fund	7,085

- The transfer from the General Fund to the Debt Services Fund was made to pay principal and interest on capital leases.
- The transfer from the General Fund to the Operations and Maintenance Fund was made for the abatement of the Working Cash Fund.
- The transfer from the Operations and Maintenance Fund to the Debt Services Fund was made to pay principal and interest on capital leases.
- The transfer from the Operations and Maintenance Fund to the Capital Projects Fund was made to transfer funds for renovation projects.
- The transfer from the Debt Services Fund to the Operations and Maintenance Fund was made to transfer interest earned in the Debt Services Fund.

NOTE 12 - JOINT VENTURE – LAKE COUNTY AREA VOCATIONAL SYSTEM (LCAVS)

The District and seventeen other districts within Lake and McHenry Counties have entered into a joint agreement to provide vocational programs for member districts that are not offering these services individually. Each member district has a financial responsibility for annual and special assessments as established by the management council.

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

Assets	\$ 32,712,316
Liabilities	\$ 27,780
Fund Equity	32,684,536
	<u>\$ 32,712,316</u>
Revenues Received	\$ 11,014,388
Expenditures Disbursed	10,585,447
Net Increase/(Decrease) in Fund Balance	<u>\$ 428,941</u>

Complete financial statements for LCAVS can be obtained from the Administrative Offices at 19525 W. Washington Street, Grayslake, Illinois 60030.

NOTE 13 - RISK MANAGEMENT

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

During the year ended June 30, 2021, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years. The District is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2021, there were no significant adjustments in premiums based on actual experience.

NOTE 14 - CONSTRUCTION COMMITMENTS

The District has entered into contracts for building repairs at various schools. The total amount of outstanding contracts is \$9,195,108. As of June 30, 2021, \$3,661,277 has been accrued to be paid on these contracts of which \$425,200 is retainage.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

The District has implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes financial reporting standards related to fiduciary activities of the District. Implementation of this standard resulted in the Student Activity Funds no longer being reported as a separate fiduciary fund for the District and a net position/fund balance adjustment of \$80,119 being made to reclassify the Student Activity Funds net position/fund balance to the General Fund in the fund financial statements and the government-wide financial statements.

NOTE 16 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 13.8% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2020 EAV	\$ 1,721,018,622
Rate	<u>13.8%</u>
Debt Margin	\$ 237,500,570
Current Debt	<u>79,575,467</u>
Remaining Debt Margin	<u><u>\$ 157,925,103</u></u>

NOTE 17 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
TOTAL PENSION LIABILITY							
Service Cost	\$ 905,687	\$ 869,784	\$ 809,884	\$ 811,275	\$ 785,893	\$ 769,744	\$ 759,848
Interest on the Total Pension Liability	2,239,668	2,071,280	1,934,315	1,843,321	1,724,142	1,610,109	1,426,663
Differences Between Expected and Actual Experience	304,441	663,514	385,281	378,878	33,774	30,795	126,797
Changes in Assumptions	(306,090)	-	796,973	(757,981)	(58,945)	55,792	962,055
Benefit Payments, Including Refunds of Member Contributions	(1,368,020)	(1,231,854)	(1,123,915)	(999,184)	(940,740)	(844,495)	(824,221)
Net Change in Total Pension Liability	<u>\$ 1,775,686</u>	<u>\$ 2,372,724</u>	<u>\$ 2,802,538</u>	<u>\$ 1,276,309</u>	<u>\$ 1,544,124</u>	<u>\$ 1,621,945</u>	<u>\$ 2,451,142</u>
Total Pension Liability - Beginning	<u>31,123,142</u>	<u>28,750,418</u>	<u>25,947,880</u>	<u>24,671,571</u>	<u>23,127,447</u>	<u>21,505,502</u>	<u>19,054,360</u>
Total Pension Liability - Ending	<u>\$ 32,898,828</u>	<u>\$ 31,123,142</u>	<u>\$ 28,750,418</u>	<u>\$ 25,947,880</u>	<u>\$ 24,671,571</u>	<u>\$ 23,127,447</u>	<u>\$ 21,505,502</u>
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 783,757	\$ 675,121	\$ 748,466	\$ 727,025	\$ 677,406	\$ 644,504	\$ 682,318
Contributions - Member	385,897	380,629	362,433	350,270	317,204	316,913	300,900
Net Investment Income	4,121,951	4,565,732	(1,328,258)	3,846,587	1,400,189	102,786	1,174,242
Benefit Payments, Including Refunds of Member Contributions	(1,368,020)	(1,231,854)	(1,123,915)	(999,184)	(940,740)	(844,495)	(824,221)
Other (Net Transfer)	(20,613)	135,555	457,851	(415,578)	34,300	(229,537)	(4,926)
Net Change in Plan Fiduciary Net Position	<u>\$ 3,902,972</u>	<u>\$ 4,525,183</u>	<u>\$ (883,423)</u>	<u>\$ 3,509,120</u>	<u>\$ 1,488,359</u>	<u>\$ (9,829)</u>	<u>\$ 1,328,313</u>
Plan Net Position - Beginning	<u>29,128,099</u>	<u>24,602,916</u>	<u>25,486,339</u>	<u>21,977,219</u>	<u>20,488,860</u>	<u>20,498,689</u>	<u>19,170,376</u>
Plan Net Position - Ending	<u>\$ 33,031,071</u>	<u>\$ 29,128,099</u>	<u>\$ 24,602,916</u>	<u>\$ 25,486,339</u>	<u>\$ 21,977,219</u>	<u>\$ 20,488,860</u>	<u>\$ 20,498,689</u>
District's Net Pension Liability/(Asset)	<u>\$ (132,243)</u>	<u>\$ 1,995,043</u>	<u>\$ 4,147,502</u>	<u>\$ 461,541</u>	<u>\$ 2,694,352</u>	<u>\$ 2,638,587</u>	<u>\$ 1,006,813</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.40%	93.59%	85.57%	98.22%	89.08%	88.59%	95.32%
Covered Payroll	\$ 8,569,910	\$ 8,456,671	\$ 8,039,377	\$ 7,709,711	\$ 7,048,963	\$ 6,741,674	\$ 6,630,887
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-1.54%	23.59%	51.59%	5.99%	38.22%	39.14%	15.18%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

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

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Actuarially-Determined Contribution	\$ 783,756	\$ 658,826	\$ 748,466	\$ 727,026	\$ 677,405	\$ 644,504	\$ 682,318
Contributions in Relation to Actuarially-Determined Contribution	<u>783,757</u>	<u>675,121</u>	<u>748,466</u>	<u>727,025</u>	<u>677,406</u>	<u>644,504</u>	<u>682,318</u>
Contribution Deficiency/(Excess)	<u>\$ (1)</u>	<u>\$ (16,295)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,556,285	\$ 8,483,655	\$ 8,141,091	\$ 7,959,134	\$ 7,048,963	\$ 6,741,674	\$ 6,630,887
Contributions as a Percentage of Covered Payroll	9.16%	7.96%	9.19%	9.13%	9.61%	9.56%	10.29%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2020 Contribution Rate *

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

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 23-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.25%

Price Inflation: 2.50%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 3.35% to 14.25%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

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

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2021

	6/30/2021 *	6/30/2020 *	6/30/2019 *	6/30/2018 *	6/30/2017 *	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0053087%	0.0056164%	0.0060262%	0.0078663%	0.0083766%	0.0076401%	0.0065414%
Employer's proportionate share of the Net Pension Liability	\$ 4,576,885	\$ 4,555,389	\$ 4,697,110	\$ 6,009,691	\$ 6,612,193	\$ 5,005,063	\$ 3,980,983
State's proportionate share of the Net Pension Liability associated with the employer	358,485,433	324,202,066	321,771,705	304,141,140	319,652,142	252,187,576	233,914,815
Total	<u>\$ 363,062,318</u>	<u>\$ 328,757,455</u>	<u>\$ 326,468,815</u>	<u>\$ 310,150,831</u>	<u>\$ 326,264,335</u>	<u>\$ 257,192,639</u>	<u>\$ 237,895,798</u>
Employer's Covered Payroll	\$ 44,614,767	\$ 43,855,889	\$ 43,164,712	\$ 41,085,437	\$ 40,263,644	\$ 38,944,406	\$ 37,909,516
Employer's proportionate share of the Net Pension Liability as a percentage of its Covered Payroll	10.26%	10.39%	10.88%	14.63%	16.42%	12.85%	10.50%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	37.80%	39.60%	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

Changes of Assumptions:

For the 2020-2016 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 and were consistent in 2019 and 2020. These actuarial assumptions were based on an experience study dated September 18, 2018.

For the 2015 measurement year, the assumed investment rate of return was 7.5%, including an inflation rate of 3.0% and 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.

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>	<u>6/30/2017 *</u>	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Statutorily-required contribution	\$ 258,766	\$ 254,364	\$ 250,383	\$ 324,088	\$ 324,360	\$ 267,693	\$ 233,359
Contributions in relation to statutorily-required contribution	<u>258,793</u>	<u>254,356</u>	<u>250,355</u>	<u>324,137</u>	<u>324,360</u>	<u>267,693</u>	<u>233,359</u>
Contribution deficiency/(excess)	<u>\$ (27)</u>	<u>\$ 8</u>	<u>\$ 28</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 44,995,229	\$ 44,614,767	\$ 43,855,889	\$ 43,164,712	\$ 40,263,644	\$ 38,944,406	\$ 37,909,516
Contributions as a percentage of Covered Payroll	0.58%	0.57%	0.57%	0.75%	0.81%	0.69%	0.62%

* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

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

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY
 JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Employer's proportion of the Net OPEB Liability	0.1763500%	0.1783950%	0.1820920%	0.1785630%
Employer's proportionate share of the Net OPEB Liability	\$ 47,148,768	\$ 49,375,200	\$ 47,973,672	\$ 46,336,328
State's proportionate share of the Net OPEB Liability associated with the employer	<u>63,873,671</u>	<u>66,860,307</u>	<u>64,418,368</u>	<u>60,851,113</u>
Total	<u>\$ 111,022,439</u>	<u>\$ 116,235,507</u>	<u>\$ 112,392,040</u>	<u>\$ 107,187,441</u>
Employer's Covered Payroll	\$ 44,614,767	\$ 43,855,889	\$ 43,164,712	\$ 41,085,437
Employer's proportionate share of the Net OPEB Liability as a percentage of Covered Payroll	105.68%	112.59%	111.14%	112.78%
OPEB Plan Net Position as a percentage of the Total OPEB Liability	0.70%	0.25%	-0.07%	-0.17%

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

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

Changes of Assumptions:

For the 2020 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.50%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation. □

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 TEACHER HEALTH INSURANCE SECURITY FUND OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2021

	<u>6/30/2021 *</u>	<u>6/30/2020 *</u>	<u>6/30/2019 *</u>	<u>6/30/2018 *</u>
Statutorily-Required Contribution	\$ 410,456	\$ 403,474	\$ 379,864	\$ 345,054
Contributions in relation to the Statutorily-Required Contribution	<u>410,421</u>	<u>403,387</u>	<u>379,849</u>	<u>345,118</u>
Contribution deficiency/(excess)	<u>\$ 35</u>	<u>\$ 87</u>	<u>\$ 15</u>	<u>\$ (64)</u>
Employer's Covered Payroll	\$ 44,995,229	\$ 44,614,767	\$ 43,855,889	\$ 43,164,712
Contributions as a percentage of Covered Payroll	0.91%	0.90%	0.87%	0.80%

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

* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts
REVENUES		
Property Taxes	\$ 67,429,333	\$ 63,467,555
Payments in Lieu of Taxes	128,654	275,633
Tuition	305,000	302,999
Earnings on Investments	100,000	29,714
Food Services	50,000	56,226
District/School Activity Income	1,393,750	1,253,792
Textbooks	201,000	242,373
Other Local Sources	585,343	896,294
State Aid		
Evidence Based Funding	4,040,049	4,040,451
Special Education	936,000	1,107,927
Career and Technical Education	27,073	27,670
State Free Lunch and Breakfast	500	15,753
Driver Education	28,000	28,233
Other Restricted Revenue from State Sources	4,128	8,249
Federal Aid		
Food Service	195,000	1,040,143
Title I	200,000	84,956
Title IV	12,701	5,495
Federal Special Education	1,487,000	1,376,047
CTE - Perkins	16,432	16,340
Title III - English Language Acquisition	56,000	68,515
Title II - Teacher Quality	74,985	55,217
Medicaid Matching Funds - Administrative Outreach	62,000	86,461
Medicaid Matching Funds - Fee-for-Service Program	250,000	382,903
Other Federal Aid	358,324	509,211
State Retirement Contributions	32,000,000	38,734,941
Total Revenues	\$ 109,941,272	\$ 114,113,098
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 28,514,870	\$ 26,389,362
Employee Benefits	3,609,647	3,579,865
Purchased Services	561,718	349,409
Supplies and Materials	1,992,273	2,137,076
Other Objects	5,000	1,751
Non-Capitalized Equipment	27,908	34,134
	\$ 34,711,416	\$ 32,491,597
Pre-K Programs		
Supplies and Materials	\$ 500	\$ -
	\$ 500	\$ -
Special Education Programs		
Salaries	\$ 6,437,055	\$ 5,761,671
Employee Benefits	790,977	757,131
Purchased Services	56,100	51,963
Supplies and Materials	59,000	84,077
Non-Capitalized Equipment	1,100	12,056
	\$ 7,344,232	\$ 6,666,898
Special Education Programs Pre-K		
Salaries	\$ 370,000	\$ 387,639
Employee Benefits	50,900	61,675
Purchased Services	2,800	1,265
Supplies and Materials	22,800	10,290
Non-Capitalized Equipment	-	6,677
	\$ 446,500	\$ 467,546
CTE Programs		
Salaries	\$ 1,061,900	\$ 964,885
Employee Benefits	139,905	117,481
Purchased Services	1,000	-
Supplies and Materials	70,714	27,402
Non-Capitalized Equipment	-	22,684
	\$ 1,273,519	\$ 1,132,452

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Capital Outlay		
Instruction		
Regular Programs	\$ 15,000	\$ 13,054
Other Instructional Programs	48,990	-
Support Services		
Food Services	-	233,863
Central	100,000	51,537
Total Capital Outlay	\$ 163,990	\$ 298,454
 Total Expenditures	 \$ 110,960,010	 \$ 110,805,568
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ (1,018,738)	 \$ 3,307,530
 OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (5,301,047)	\$ (5,469,047)
Principal on Bonds Sold	5,140,000	5,308,000
Total Other Financing Sources (Uses)	\$ (161,047)	\$ (161,047)
 NET CHANGE IN FUND BALANCE	 \$ (1,179,785)	 \$ 3,146,483
 FUND BALANCE - JULY 1, 2020		55,858,021
 FUND BALANCE ADJUSTMENT (NOTE 15)		80,118
 FUND BALANCE - JUNE 30, 2021		\$ 59,084,622

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 14,147,807	\$ 12,552,337
Earnings on Investments	28,000	8,388
Other Local Sources	65,000	143,932
Total Revenues	\$ 14,240,807	\$ 12,704,657
EXPENDITURES		
Support Services		
Operations and Maintenance		
Salaries	\$ 1,185,930	\$ 1,152,957
Employee Benefits	195,450	195,211
Purchased Services	3,831,527	3,430,818
Supplies and Materials	2,214,266	1,990,324
Other Objects	23,500	1,534
Non-Capitalized Equipment	99,500	52,196
Termination Benefits	2,000	265
Total Support Services - Operations and Maintenance	\$ 7,552,173	\$ 6,823,305
Food Services		
Supplies and Materials	\$ -	\$ 66,291
Total Support Services - Food Services	\$ -	\$ 66,291
Total Support Services	\$ 7,552,173	\$ 6,889,596
Intergovernmental Payments		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Regular Programs		
Other Objects	\$ -	\$ 12,597
Total Payments to Other Districts and Governmental Units (In-State)	\$ -	\$ 12,597
Total Intergovernmental Payments	\$ -	\$ 12,597
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 20,000	\$ 82,792
Total Capital Outlay	\$ 20,000	\$ 82,792
Total Expenditures	\$ 7,572,173	\$ 6,984,985
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 6,668,634	\$ 5,719,672
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	(4,747,996)	(4,566,580)
NET CHANGE IN FUND BALANCE	\$ 1,920,638	\$ 1,153,092
FUND BALANCE - JULY 1, 2020		10,741,669
FUND BALANCE - JUNE 30, 2021		\$ 11,894,761

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 1,414,216	\$ 1,353,226
Transportation Fees	-	144
Earnings on Investments	9,400	3,342
Other Local Sources	-	42,727
State Aid		
Transportation	1,734,596	2,014,486
Total Revenues	\$ 3,158,212	\$ 3,413,925
EXPENDITURES		
Support Services		
Transportation		
Salaries	\$ 1,580,300	\$ 1,344,667
Employee Benefits	246,750	218,737
Purchased Services	1,815,200	1,082,012
Supplies and Materials	280,550	208,613
Other Objects	1,800	570
Non-Capitalized Equipment	10,000	-
Total Support Services - Transportation	\$ 3,934,600	\$ 2,854,599
Total Support Services	\$ 3,934,600	\$ 2,854,599
Capital Outlay		
Support Services		
Transportation	\$ 120,000	\$ -
Total Capital Outlay	\$ 120,000	\$ -
Total Expenditures	\$ 4,054,600	\$ 2,854,599
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (896,388)	\$ 559,326
OTHER FINANCING SOURCES (USES)		
Sale or Compensation for Capital Assets	-	-
NET CHANGE IN FUND BALANCE	\$ (896,388)	\$ 559,326
FUND BALANCE - JULY 1, 2020		5,490,133
FUND BALANCE - JUNE 30, 2021		\$ 6,049,459

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2021

	Budgeted	
	Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 1,880,092	\$ 1,824,973
Payments in Lieu of Taxes	90,000	90,000
Earnings on Investments	3,000	932
State Aid		
Career and Technical Education	2,190	1,956
Federal Aid		
Title I	875	524
Federal - Special Education	34,000	27,948
Title III - English Language Acquisition	1,500	-
Total Revenues	\$ 2,011,657	\$ 1,946,333
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 320,816	\$ 437,387
Pre-K Programs		
Employee Benefits	151,115	-
Special Education Programs		
Employee Benefits	309,610	271,382
Special Education Programs Pre-K		
Employee Benefits	24,600	25,564
CTE Programs		
Employee Benefits	14,100	13,548
Interscholastic Programs		
Employee Benefits	49,085	40,534
Summer School Programs		
Employee Benefits	15,111	12,253
Gifted Programs		
Employee Benefits	5,904	5,120
Driver's Education Programs		
Employee Benefits	5,300	4,176
Bilingual Programs		
Employee Benefits	36,762	34,112
Total Instruction	\$ 932,403	\$ 844,076
Support Services		
Pupil		
Attendance and Social Work Services		
Employee Benefits	\$ 18,925	\$ 16,411
Guidance Services		
Employee Benefits	32,240	31,593
Health Services		
Employee Benefits	159,222	126,127
Psychological Services		
Employee Benefits	13,215	11,555
Speech Pathology and Audiology Services		
Employee Benefits	15,939	13,530
Total Support Services - Pupil	\$ 239,541	\$ 199,216

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 2,390	\$ 402
Educational Media Services		
Employee Benefits	40,216	33,588
Total Support Services - Instructional Staff	\$ 42,606	\$ 33,990
General Administration		
Board of Education Services		
Employee Benefits	\$ 14,050	\$ 14,393
Special Area Administrative Services		
Employee Benefits	21,700	22,512
Total Support Services - General Administration	\$ 35,750	\$ 36,905
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 152,770	\$ 157,579
Total Support Services - School Administration	\$ 152,770	\$ 157,579
Business		
Direction of Business Support Services		
Employee Benefits	\$ 3,100	\$ 3,098
Fiscal Services		
Employee Benefits	39,300	36,507
Total Support Services - Business	\$ 42,400	\$ 39,605
Operations and Maintenance		
Employee Benefits	\$ 178,100	\$ 186,960
Total Support Services - Operations and Maintenance	\$ 178,100	\$ 186,960
Transportation		
Employee Benefits	\$ 229,150	\$ 201,105
Total Support Services - Transportation	\$ 229,150	\$ 201,105
Central		
Planning, Research, Development and Evaluation Services		
Employee Benefits	\$ 46,800	\$ 45,113
Information Services		
Employee Benefits	26,766	27,903
Staff Services		
Employee Benefits	64,870	67,016
Data Processing Services		
Employee Benefits	186,135	188,143
Total Support Services - Central	\$ 324,571	\$ 328,175

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Employee Benefits	\$ 20,600	\$ 21,410
Total Support Services - Other Support Services	\$ 20,600	\$ 21,410
 Total Support Services	 \$ 1,265,488	 \$ 1,204,945
 Community Services		
Employee Benefits	\$ 7,457	\$ 6,494
Total Community Services	\$ 7,457	\$ 6,494
 Total Expenditures	 \$ 2,205,348	 \$ 2,055,515
 EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ (193,691)	 \$ (109,182)
 OTHER FINANCING SOURCES (USES)	 -	 -
 NET CHANGE IN FUND BALANCE	 \$ (193,691)	 \$ (109,182)
 FUND BALANCE - JULY 1, 2020		 1,713,735
 FUND BALANCE - JUNE 30, 2021		 \$ 1,604,553

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2021

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 24, 2020 and was not amended. The modified accrual basis budgeted amounts in this report are the result of full compliance with the following procedures:

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

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

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

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2021 the following fund presented as Required Supplementary Information had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Debt Services	\$ 10,564,340	\$ 10,603,748	\$ 39,408

SUPPLEMENTAL FINANCIAL INFORMATION

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2021

	Educational Fund	Working Cash Fund	General Fund Total
ASSETS			
Cash and Cash Equivalents	\$ 56,300,405	\$ 3,820,581	\$ 60,120,986
Taxes Receivable, net of allowance of \$0	34,951,274	182,378	35,133,652
Due from Other Governments, net of allowance of \$0	1,140,980	-	1,140,980
Prepaid Items	449,633	-	449,633
Total Assets	\$ 92,842,292	\$ 4,002,959	\$ 96,845,251
LIABILITIES			
Accounts Payable	\$ 207,887	\$ -	\$ 207,887
Accrued Expenditures	9,365	-	9,365
Payroll Liabilities	5,151,599	-	5,151,599
Unearned Revenue	123,634	-	123,634
Total Liabilities	\$ 5,492,485	\$ -	\$ 5,492,485
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 32,100,319	\$ 167,825	\$ 32,268,144
Total Deferred Inflows of Resources	\$ 32,100,319	\$ 167,825	\$ 32,268,144
FUND BALANCE			
Nonspendable			
Prepaid Expenses	\$ 449,633	\$ -	\$ 449,633
Restricted			
Student Activity Funds	68,986	-	68,986
Assigned			
Health Insurance Funds	1,231,388	-	1,231,388
Unassigned	53,499,481	3,835,134	57,334,615
Total Fund Balance	\$ 55,249,488	\$ 3,835,134	\$ 59,084,622
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 92,842,292	\$ 4,002,959	\$ 96,845,251

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Educational Fund	Working Cash Fund	General Fund Total
REVENUES			
Property Taxes	\$ 63,172,545	\$ 295,010	\$ 63,467,555
Payments in Lieu of Taxes	275,633	-	275,633
Tuition	302,999	-	302,999
Earnings on Investments	27,408	2,306	29,714
Food Services	56,226	-	56,226
District/School Activity Income	1,253,792	-	1,253,792
Textbooks	242,373	-	242,373
Other Local Sources	896,294	-	896,294
State Aid	5,228,283	-	5,228,283
Federal Aid	3,625,288	-	3,625,288
State Retirement Contributions	38,734,941	-	38,734,941
Total Revenues	\$ 113,815,782	\$ 297,316	\$ 114,113,098
EXPENDITURES			
Current			
Instruction			
Regular Programs	\$ 32,491,597	\$ -	\$ 32,491,597
Special Education Programs	9,347,915	-	9,347,915
Special Education Programs Pre-K	467,546	-	467,546
Other Instructional Programs	5,836,994	-	5,836,994
Student Activity Fund Expenditures	35,182	-	35,182
State Retirement Contributions	38,734,941	-	38,734,941
Support Services			
Pupil	5,913,809	-	5,913,809
Instructional Staff	1,221,212	-	1,221,212
General Administration	2,027,290	-	2,027,290
School Administration	4,829,013	-	4,829,013
Business	818,332	-	818,332
Operations and Maintenance	24,000	-	24,000
Food Services	1,028,874	-	1,028,874
Internal Services	18,630	-	18,630
Central	7,030,860	-	7,030,860
Other Support Services	294,118	-	294,118
Community Services	96,282	-	96,282
Intergovernmental Payments			
Payments to Other Districts and Governmental Units	290,519	-	290,519
Capital Outlay	298,454	-	298,454
Total Expenditures	\$ 110,805,568	\$ -	\$ 110,805,568
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,010,214	\$ 297,316	\$ 3,307,530
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	\$ (161,047)	\$ (5,308,000)	\$ (5,469,047)
Principal on Bonds Sold	-	5,308,000	5,308,000
Total Other Financing Sources (Uses)	\$ (161,047)	\$ -	\$ (161,047)
NET CHANGE IN FUND BALANCES	\$ 2,849,167	\$ 297,316	\$ 3,146,483
FUND BALANCE - JULY 1, 2020	52,320,203	3,537,818	55,858,021
FUND BALANCE ADJUSTMENT (NOTE 15)	80,118	-	80,118
FUND BALANCE - JUNE 30, 2021	\$ 55,249,488	\$ 3,835,134	\$ 59,084,622

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - EDUCATIONAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Intergovernmental Payments		
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Regular Programs		
Other Objects	\$ 240,000	\$ 191,364
Payments for Special Education Programs		
Other Objects	180,000	99,155
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	\$ 420,000	\$ 290,519
Total Intergovernmental Payments	\$ 420,000	\$ 290,519
Capital Outlay		
Instruction		
Regular Programs	\$ 15,000	\$ 13,054
Other Instructional Programs	48,990	-
Support Services		
Food Services	-	233,863
Central	100,000	51,537
Total Capital Outlay	\$ 163,990	\$ 298,454
Total Expenditures	\$ 110,960,010	\$ 110,805,568
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,295,684)	\$ 3,010,214
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	(161,047)	(161,047)
NET CHANGE IN FUND BALANCE	\$ (1,456,731)	\$ 2,849,167
FUND BALANCE - JULY 1, 2020		52,320,203
FUND BALANCE ADJUSTMENT (NOTE 15)		80,118
FUND BALANCE - JUNE 30, 2021		\$ 55,249,488

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND - WORKING CASH FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 270,946	\$ 295,010
Earnings on Investments	6,000	2,306
Total Revenues	\$ 276,946	\$ 297,316
EXPENDITURES	\$ -	\$ -
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 276,946	\$ 297,316
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ (5,140,000)	\$ (5,308,000)
Principal on Bonds Sold	5,140,000	5,308,000
Total Other Financing Sources (Uses)	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ 276,946	\$ 297,316
FUND BALANCE - JULY 1, 2020		3,537,818
FUND BALANCE - JUNE 30, 2021		\$ 3,835,134

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICES FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	\$ 8,113,449	\$ 7,542,002
Earnings on Investments	8,800	1,579
Total Revenues	\$ 8,122,249	\$ 7,543,581
EXPENDITURES		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 6,896,611	\$ 6,895,829
Total Debt Services - Interest	\$ 6,896,611	\$ 6,895,829
Payments of Principal on Long-Term Debt		
Other Objects	\$ 3,663,979	\$ 3,664,699
Total Debt Services - Payment of Principal on Long-Term Debt	\$ 3,663,979	\$ 3,664,699
Other		
Purchased Services	\$ 3,750	\$ 1,220
Other Objects	-	42,000
Total Debt Services - Other	\$ 3,750	\$ 43,220
Total Debt Services	\$ 10,564,340	\$ 10,603,748
Total Expenditures	\$ 10,564,340	\$ 10,603,748
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,442,091)	\$ (3,060,167)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	\$ 409,043	\$ 466,958
Principal on Bonds Sold	60,000	42,000
Total Other Financing Sources (Uses)	\$ 469,043	\$ 508,958
NET CHANGE IN FUND BALANCE	\$ (1,973,048)	\$ (2,551,209)
FUND BALANCE - JULY 1, 2020		7,046,024
FUND BALANCE - JUNE 30, 2021		\$ 4,494,815

See Accompanying Independent Auditor's Report

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Earnings on Investments	\$ 70,000	\$ 26,786
Other Local Sources	59,699	227,691
Total Revenues	\$ 129,699	\$ 254,477
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction		
Supplies and Materials	\$ 300,000	\$ 877,842
Other Objects	-	15,408
Non-Capitalized Equipment	-	101,308
Total Support Services - Facilities Acquisition and Construction	\$ 300,000	\$ 994,558
Total Support Services	\$ 300,000	\$ 994,558
Capital Outlay		
Support Services		
Facilities Acquisition and Construction	\$ 34,860,000	\$ 27,629,083
Total Capital Outlay	\$ 34,860,000	\$ 27,629,083
Total Expenditures	\$ 35,160,000	\$ 28,623,641
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (35,030,301)	\$ (28,369,164)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	9,640,000	9,568,669
NET CHANGE IN FUND BALANCE	\$ (25,390,301)	\$ (18,800,495)
FUND BALANCE - JULY 1, 2020		51,641,158
FUND BALANCE - JUNE 30, 2021		\$ 32,840,663

See Accompanying Independent Auditor's Report

ESTIMATED OPERATING EXPENSE PER PUPIL (OEPP)/PER CAPITA TUITION CHARGE (PCTC) COMPUTATIONS (2020 - 2021)

This schedule is completed for school districts only.

<u>Fund</u>	<u>Sheet, Row</u>	<u>ACCOUNT NO - TITLE</u>	<u>Amount</u>
OPERATING EXPENSE PER PUPIL			
EXPENDITURES:			
ED	Expenditures 16-24, L116	Total Expenditures	\$ 72,035,445
O&M	Expenditures 16-24, L155	Total Expenditures	6,984,985
DS	Expenditures 16-24, L178	Total Expenditures	10,603,748
TR	Expenditures 16-24, L214	Total Expenditures	2,854,599
MR/SS	Expenditures 16-24, L299	Total Expenditures	2,055,515
		Total Expenditures	\$ 94,534,292
LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:			
ED	Expenditures 16-24, L9, Col K - (G+I)	1225 Special Education Programs Pre-K	\$ 460,869
ED	Expenditures 16-24, L15, Col K - (G+I)	1600 Summer School Programs	457,295
ED	Expenditures 16-24, L22, Col K	1912 Special Education Programs K-12 - Private Tuition	2,681,017
ED	Expenditures 16-24, L77, Col K - (G+I)	3000 Community Services	96,282
ED	Expenditures 16-24, L104, Col K	4000 Total Payments to Other Govt Units	290,519
ED	Expenditures 16-24, L116, Col G	- Capital Outlay	298,454
ED	Expenditures 16-24, L116, Col I	- Non-Capitalized Equipment	1,335,870
O&M	Expenditures 16-24, L143, Col K	4000 Total Payments to Other Govt Units	12,597
O&M	Expenditures 16-24, L155, Col G	- Capital Outlay	82,792
O&M	Expenditures 16-24, L155, Col I	- Non-Capitalized Equipment	118,487
DS	Expenditures 16-24, L174, Col K	5300 Debt Service - Payments of Principal on Long-Term Debt	3,664,699
MR/SS	Expenditures 16-24, L222, Col K	1225 Special Education Programs - Pre-K	25,564
MR/SS	Expenditures 16-24, L228, Col K	1600 Summer School Programs	12,253
MR/SS	Expenditures 16-24, L284, Col K	3000 Community Services	6,494
		Total Deductions for OEPP Computation (Sum of Lines 18 - 95)	\$ 9,543,192
		Total Operating Expenses Regular K-12 (Line 14 minus Line 96)	84,991,100
		9 Month ADA from Average Daily Attendance - Student Information System (SIS) in IWAS-preliminary ADA 2020-2021	5,185.40
		Estimated OEPP (Line 97 divided by Line 98)	\$ 16,390.46

PER CAPITA TUITION CHARGE			
LESS OFFSETTING RECEIPTS/REVENUES:			
TR	Revenues 10-15, L45, Col F	1415 Regular - Transp Fees from Co-curricular Activities (In State)	\$ 144
ED	Revenues 10-15, L75, Col C	1600 Total Food Service	56,226
ED-O&M	Revenues 10-15, L83, Col C,D	1700 Total District/School Activity Income (without Student Activity Funds)	1,229,742
ED	Revenues 10-15, L90, Col C	1821 Sales - Regular Textbooks	1,230
ED	Revenues 10-15, L94, Col C	1890 Other (Describe & Itemize)	241,143
ED	Revenues 10-15, L108, Col C	1993 Other Local Fees (Describe & Itemize)	17,629
ED-O&M-TR	Revenues 10-15, L134, Col C,D,F	3100 Total Special Education	1,107,927
ED-O&M-MR/SS	Revenues 10-15, L143, Col C,D,G	3200 Total Career and Technical Education	29,626
ED	Revenues 10-15, L148, Col C	3360 State Free Lunch & Breakfast	15,753
ED-O&M	Revenues 10-15, L150, Col C,D	3370 Driver Education	28,233
ED-O&M-TR-MR/SS	Revenues 10-15, L157, Col C,D,F,G	3500 Total Transportation	2,014,486
ED-O&M-DS-TR-MR/SS-Tor	Revenues 10-15, L170, Col C-G,J	3999 Other Restricted Revenue from State Sources	8,249
ED-MR/SS	Revenues 10-15, L200, Col C,G	4200 Total Food Service	1,040,143
ED-O&M-TR-MR/SS	Revenues 10-15, L206, Col C,D,F,G	4300 Total Title I	85,480
ED-O&M-TR-MR/SS	Revenues 10-15, L211, Col C,D,F,G	4400 Total Title IV	5,495
ED-O&M-TR-MR/SS	Revenues 10-15, L215, Col C,D,F,G	4620 Fed - Spec Education - IDEA - Flow Through	1,080,666
ED-O&M-TR-MR/SS	Revenues 10-15, L216, Col C,D,F,G	4625 Fed - Spec Education - IDEA - Room & Board	303,285
ED-O&M-MR/SS	Revenues 10-15, L223, Col C,D,G	4700 Total CTE - Perkins	16,340
ED-TR-MR/SS	Revenues 10-15, L258, Col C,F,G	4909 Title III - Language Inst Program - Limited Eng (LIPLEP)	68,515
ED-O&M-TR-MR/SS	Revenues 10-15, L261, Col C,D,F,G	4932 Title II - Teacher Quality	55,217
ED-O&M-TR-MR/SS	Revenues 10-15, L265, Col C,D,F,G	4991 Medicaid Matching Funds - Administrative Outreach	86,461
ED-O&M-TR-MR/SS	Revenues 10-15, L266, Col C,D,F,G	4992 Medicaid Matching Funds - Fee-for-Service Program	382,903
ED-O&M-TR-MR/SS	Revenues 10-15, L267, Col C,D,F,G	4998 Other Restricted Revenue from Federal Sources (Describe & Itemize)	509,211
ED-TR-MR/SS	Revenues (Part of EBF Payment)	3100 Special Education Contributions from EBF Funds **	1,709,410
ED-MR/SS	Revenues (Part of EBF Payment)	3300 English Learning (Bilingual) Contributions from EBF Funds **	73,168
		Total Deductions for PCTC Computation Line 104 through Line 193	\$ 10,166,682
		Net Operating Expense for Tuition Computation (Line 97 minus Line 195)	74,824,418
		Total Depreciation Allowance (from page 32, Line 18, Col I)	5,037,168
		Total Allowance for PCTC Computation (Line 196 plus Line 197)	79,861,586
		9 Month ADA from Average Daily Attendance - Student Information System (SIS) in IWAS-preliminary ADA 2020-2021	5,185.40
		Total Estimated PCTC (Line 198 divided by Line 199) * \$	15,401.24

*The total OEPP/PCTC may change based on the data provided. The final amounts will be calculated by ISBE. The 9-month ADA listed on the this tab is NOT the final 9-month ADA.

** Go to the link below: Under Calculations, select FY 2021 Student Population Funding Allocation Summary.

Open Excel file and use the amount in column D for the Special Education Contribution and column E for the English Learner Contribution for the selected school district.

ence Based Funding Link: [FY 2021 Student Population Funding Allocation - Summary](#)

Unaudited

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Education
Lake Zurich Community Unit School District No. 95
Lake Zurich, Illinois

Report on Compliance for Each Major Federal Program

We have audited

Lake Zurich Community Unit School District No. 95's

compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake Zurich Community Unit School District No. 95's major federal programs for the year ended June 30, 2021. Lake Zurich Community Unit School District No. 95's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lake Zurich Community Unit School District No. 95's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lake Zurich Community Unit School District No. 95's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lake Zurich Community Unit School District No. 95's compliance.

Opinion on Each Major Federal Program

In our opinion, Lake Zurich Community Unit School District No. 95 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



Report on Internal Control Over Compliance

Management of Lake Zurich Community Unit School District No. 95 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lake Zurich Community Unit School District No. 95's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lake Zurich Community Unit School District No. 95's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

Lake Zurich Community Unit School District No. 95's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Lake Zurich Community Unit School District No. 95's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 20, 2021

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Year 7/1/19-6/30/20 (E)	Expenditure/Disbursements ⁴		Year 7/1/20-6/30/21 Pass through to Subrecipients (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/19-6/30/20 (C)	Year 7/1/20-6/30/21 (D)		Year 7/1/19-6/30/20 Pass through to Subrecipients (F)	Year 7/1/20-6/30/21 Pass through to Subrecipients (F)			
CHILD NUTRITION CLUSTER										
U.S. Department of Agriculture passed through Illinois State Board of Education										
Food Donation Program (M)	10.555	21-4299-00		32,627			32,627		32,627	n/a
U.S. Department of Defense passed through Illinois State Board of Education										
Food Donation Program (M)	10.555	21-4299-00		29,036			29,036		29,036	n/a
Subtotal CFDA 10.555				61,663			61,663		61,663	
U.S. Department of Agriculture passed through Illinois State Board of Education										
Summer Food Service Program (M)+	10.559	20-4225-00	89,088	73,639	89,088		73,639		162,727	n/a
Summer Food Service Program (M)+	10.559	21-4225-00		966,503			966,503		966,503	n/a
Subtotal CFDA 10.559			89,088	1,040,142	89,088		1,040,142		1,129,230	
Total Child Nutrition Cluster			89,088	1,101,805	89,088		1,101,805		1,190,893	
Total CFDA "10"			89,088	1,101,805	89,088		1,101,805		1,190,893	
U.S. Department of Treasury passed through Illinois County of Lake										
COVID-19 Coronavirus Relief Fund	21.019	21-4999-00		309,219			309,219		309,219	n/a
Subtotal CFDA 21.019				309,219			309,219		309,219	
Total CFDA "21"				309,219			309,219		309,219	
U.S. Department of Education passed through Illinois State Board of Education										
Title I - Low Income *	84.010	20-4300-00	157,319	41,847	157,319		41,847		199,166	236,605
Title I - Low Income *	84.010	21-4300-00		43,633			43,633		43,633	221,218
Subtotal CFDA 84.010			157,319	85,480	157,319		85,480		242,799	
Title IV, Part A - Student Support & Academic Enrichment *	84.424	20-4400-00	20,540	4,897	20,540		4,897		25,437	29,673
Title IV, Part A - Student Support & Academic Enrichment *	84.424	21-4400-00		598			598		598	18,486
Subtotal CFDA 84.424			20,540	5,495	20,540		5,495		26,035	
Title III - LIPLP *	84.365	20-4909-00	9,596	41,414	9,596		41,414		51,010	56,200
Title III - LIPLP *	84.365	21-4909-00		27,101			27,101		27,101	52,960
Subtotal CFDA 84.365			9,596	68,515	9,596		68,515		78,111	
Title II - Teacher Quality *	84.367	20-4932-00	80,918	3,419	80,918		3,419		84,337	85,618
Title II - Teacher Quality *	84.367	21-4932-00		51,798			51,798		51,798	84,463
Subtotal CFDA 84.367			80,918	55,217	80,918		55,217		136,135	

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/19-6/30/20 (C)	Year 7/1/20-6/30/21 (D)	Year 7/1/19-6/30/20 (E)	Year 7/1/19-6/30/20 Pass through to Subrecipients (F)	Year 7/1/20-6/30/21 Pass through to Subrecipients			
COVID-19 - Elementary and Secondary Emergency Relief Fund (M)	84.425D	20-4998-ER		166,392			166,392		166,392	180,198
COVID-19 - Elementary and Secondary Emergency Relief Fund (M) *	84.425D	21-4998-E2		33,600			33,600		33,600	607,482
Subtotal CFDA 84.425				199,992			199,992		199,992	
SPECIAL EDUCATION CLUSTER										
Special Education - Grants to States*	84.027	20-4620-00	910,480	106,961	910,480		106,961		1,017,441	1,055,095
Special Education - Grants to States	84.027	21-4620-00		895,575			893,967	1,608	895,575	1,323,000
Special Education - Grants to States	84.027	21-4620-EI		78,130			71,659	6,471	78,130	153,600
Special Education - IDEA - Room and Board *	84.027	20-4625-00	291,813	70,264	291,813		70,264		362,077	n/a
Special Education - IDEA - Room and Board*	84.027	21-4625-00		217,121			217,121		217,121	n/a
Special Education - IDEA - Room and Board*	84.027	20-4625-XC		15,900			15,900		15,900	n/a
Subtotal CFDA 84.027			1,202,293	1,383,951	1,202,293		1,375,872	8,079	2,586,244	
Special Education - Preschool	84.173	21-4600-00		20,044			18,542	1,502	20,044	58,900
Subtotal CFDA 84.173				20,044			18,542	1,502	20,044	
Total Special Education Cluster			1,202,293	1,403,995	1,202,293		1,394,414	9,581	2,606,288	
U.S. Department of Education passed through Lake County Area Vocational System										
V.E. Perkins - Title IIC - Secondary	84.048	21-4745-00		16,340			16,340		16,340	16,432
Subtotal CFDA 84.048				16,340			16,340		16,340	
Total CFDA "84"			1,470,666	1,835,034	1,470,666		1,825,453	9,581	3,305,700	
MEDICAID CLUSTER										
US Department of Health and Human Services										
Passed Through Illinois Department of Healthcare and Family Services										
Medicaid Matching Funds - Admin Outreach	93.778	21-4991-00		90,064			90,064		90,064	n/a
Subtotal CFDA 93.778				90,064			90,064		90,064	
Total Medicaid Cluster				90,064			90,064		90,064	
Total CFDA "93"				90,064			90,064		90,064	
Total Federal Assistance			1,559,754	3,336,122	1,559,754		3,326,541	9,581	4,895,876	

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year	Year	Year	Year	Year			
			7/1/19-6/30/20 (C)	7/1/20-6/30/21 (D)	7/1/19-6/30/20 (E)	7/1/19-6/30/20 Pass through to Subrecipients	7/1/20-6/30/21 (F)			

+ Project YE 9/30
* Project YE 8/31

• (M) Program was audited as a major program as defined by §200.518.

*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal award activity of Lake Zurich Community Unit School District No. 95 under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, and used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The District did not provide federal awards to subrecipients during the year ended June 30, 2021.

NOTE 5 - FEDERAL LOANS

There were no federal loans or loan guarantees outstanding at year end.

NOTE 6 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

The District was not a recipient of federally donated PPE.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT NO. 95
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

- 1) Summary of auditor's results:
 - a) The auditor's report expresses an unmodified opinion on whether the financial statements of Lake Zurich Community Unit School District No. 95 were prepared in accordance with GAAP.
 - b) No significant deficiencies are reported during the audit of the financial statements. No material weaknesses are reported.
 - c) No instances of noncompliance material to the financial statements of Lake Zurich Community Unit School District No. 95, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
 - d) Two significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance*. No material weaknesses in internal control over major federal award programs are reported.
 - e) The auditor's report on compliance for the major federal award programs for Lake Zurich Community Unit School District No. 95 expresses an unmodified opinion on all major federal programs.
 - f) Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a) are reported in this Schedule.
 - g) The programs tested as major programs were: Child Nutrition Cluster (CFDA #10.555 and #10.559) and Covid-19 Elementary and Secondary Emergency Relief Fund (CFDA #84.425D).
 - h) The threshold used for distinguishing between Type A and Type B programs was \$750,000.
 - i) Lake Zurich Community Unit School District No. 95 was determined to be a low-risk auditee.
- 2) There were no findings related to the financial statements which are required to be reported.
- 3) Two findings related to federal awards which are required to be reported are detailed in findings number 2021-001 and 2021-002.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95

34-049-0950-26

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ending June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹

2021- NONE

2. THIS FINDING IS:

New

Repeat from Prior Year?

Year originally reported? _____

3. Criteria or specific requirement

4. Condition

5. Context¹²

6. Effect

7. Cause

8. Recommendation

9. Management's response¹³

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2021- 001 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: SUMMER FOOD SERVICE PROGRAM

4. Project No.: 4225-00 5. CFDA No.: 10.559

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: U.S. DEPARTMENT OF AGRICULTURE

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
Management is responsible for ensuring that appropriate rates of reimbursement are used for all claims.

9. Condition¹⁵
During the audit we determined that for fiscal year 2021 incorrect rates were used for claiming meal reimbursements.

10. Questioned Costs¹⁶
Questioned costs due to the District using the incorrect rate were estimated to be \$17,393 based on the known questioned costs identified during the audit.

11. Context¹⁷
Summer Food Service Program income was not properly calculated. The majority of the meals were submitted for reimbursement as rural/self-prep, when in fact meals were urban/vended.

12. Effect
Claims were reimbursed at a higher rate than what the District was entitled to.

13. Cause
District personnel determined incorrectly the rate to be used for meals.

14. Recommendation
Corrections should be submitted for questioned costs. Claim reimbursements should be reviewed by someone other than the person submitting the claims.

15. Management's response¹⁸
District will submit corrections for the questioned costs. Management will implement procedures to ensure that all claim reimbursements are reviewed by someone other than the person submitting the claims.

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).
¹⁷ See footnote 12.
¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.
¹⁹ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
²⁰ Identify questioned costs as required by §200.516 (a)(3 - 4).
²¹ See footnote 12.
²² To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2021- 002 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: SUMMER FOOD SERVICE PROGRAM

4. Project No.: 4225-00 5. CFDA No.: 10.559

6. Passed Through: ILLINOIS STATE BOARD OF EDUCATION

7. Federal Agency: U.S. DEPARTMENT OF AGRICULTURE

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
District should submit claims for reimbursement for actual meals served.

9. Condition¹⁵
During the audit we determined that for one of the days selected for testing, the number of meals on the summary reports prepared by grant personnel, and used to submit claims for reimbursement, did not match the number of meals on the tally sheets prepared while serving the meals.

10. Questioned Costs¹⁶
Amount of known and likely questioned costs is insignificant.

11. Context¹⁷
Summer Food Service Program income was not properly calculated.

12. Effect
District was reimbursed for more meals than it actually served to students.

13. Cause
Differences between the tally sheets and summary reports used to submit the claims were not caught by grant personnel.

14. Recommendation
District should reevaluate their internal control monitoring procedures related to claim submissions, to make sure that errors are caught and corrected promptly.

15. Management's response¹⁸
Management will improve their monitoring procedures to ensure that any discrepancies are caught and corrected promptly.

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).
¹⁷ See footnote 12.
¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.
¹⁹ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
²⁰ Identify questioned costs as required by §200.516 (a)(3 - 4).
²¹ See footnote 12.
²² To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

LAKE ZURICH COMMUNITY UNIT SCHOOL DISTRICT 95
34-049-0950-26
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2021

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status²⁰</u>
NONE		

When possible, all prior findings should be on the same page

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.



CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2021

Corrective Action Plan

Finding No.: **2021- 001**

Condition:

During the audit we determined that for fiscal year 2021 incorrect rates were used for claiming meal reimbursements.

Plan:

District will submit corrections for the questioned costs. Management will implement procedures to ensure that all claim reimbursements are reviewed by someone other than the person submitting the claims.

Anticipated Date of Completion: 11/30/2021

Name of Contact Person: Christine Green, Director of Business Services, CSBO

Management Response: N/A

District 95 Administration Center – 832 South Rand Road - Lake Zurich IL 60047

Phone: (847) 438-2831 FAX: (847) 438-6702



**CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2021**

Corrective Action Plan

Finding No.: **2021- 002**

Condition:

During the audit we determined that for one of the days selected for testing, the number of meals on the summary reports prepared by grant personnel, and used to submit claims for reimbursement, did not match the number of meals on the tally sheets prepared while serving the meals.

Plan:

Management will improve their monitoring procedures to ensure that any discrepancies are caught and corrected promptly.

Anticipated Date of Completion: 11/30/2021

Name of Contact Person: Christine Green, Director of Business Services, CSBO

Management Response: N/A

District 95 Administration Center – 832 South Rand Road - Lake Zurich IL 60047

Phone: (847) 438-2831 FAX: (847) 438-6702