

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2023
AND
INDEPENDENT AUDITORS' REPORT

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	1
Required Supplementary Information (Unaudited):	
Management's Discussion and Analysis (MD&A)	4
Basic Financial Statements:	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position.....	8
Statement of Activities.....	9
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Fund	10
Reconciliation of the Governmental Fund Balance Sheet To Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities.....	13
Notes to Basic Financial Statements	14
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General	20
Notes to Required Supplementary Information	21
Supplementary Information:	
General Fund – Schedule of Expenditures – Budget and Actual	22

Independent Auditors' Report

To the Board of Education of
Transportation Joint Agreement of School Districts 47 and 155

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Transportation Joint Agreement of School Districts 47 and 155 (the Joint Agreement), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Joint Agreement's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Joint Agreement as of June 30, 2023 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Agreement's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Joint Agreement's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Joint Agreement's basic financial statements. The supplementary information for the year ended June 30, 2023 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023, 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Joint Agreement as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated January 11, 2023, which contained unmodified opinions on the respective financial statements of the governmental activities and the major fund. The for the year ended June 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Report on Summarized Comparative Information

We have previously audited the Joint Agreement's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and the major fund in our report dated January 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

Oak Brook, Illinois
October 31, 2023

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Districts 47 and 155, by joint resolution of both boards of education in August 1974, established the Transportation Joint Agreement of School Districts 47 and 155 (the "TJA") to cooperatively share transportation operations and costs. The districts have agreed to share most operational costs proportionally based on mileage attributable to each district's transportation operation. Capital outlay, building and site improvement costs are shared on a 50/50 basis as are some administration costs. District 155 provides the site at 1204 McHenry Ave and District 47 acts as the administrative agent for the TJA and accordingly manages the TJA checking account and records its revenues and expenditures, performs its payroll function and tracks its capital assets. Each district provides revenue to the TJA from each district's own Transportation Fund based on a dollar for dollar basis according to each district's monthly expenditures as provided by TJA's accounting and HR processor.

This section of TJA's annual report presents management's discussion and analysis of the TJA financial performance during the fiscal year ended June 30, 2023. The management discussion and analysis is designed to focus on current activities, resulting change and currently known facts. Please read it in conjunction with the TJA's financial statements.

I. USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) statements No. 34. These standards alter both the form and the accounting principles utilized to prepare the statements, as compared to previous years.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the TJA, presenting a long-term view of the TJA financial condition. The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during fiscal 2023?" These statements include all assets and liabilities using the full accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the TJA's *net position* and the *annual change in net position*. This change in net position is important because it tells the reader that, the *financial position* of the TJA has improved or diminished.

TJA only has one fund. The balance sheet and the statement of revenues, expenditures and changes in fund balance display how services were financed in the short-term as well as what remaining resources are available for future spending. These statements use an accounting method called *modified accrual* accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. The differences between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* are disclosed in reconciliations that accompany the fund financial statements.

Notes to Financial Statements

The Notes to Financial Statements are an integral part of this report and should be read in conjunction with the financial statements to obtain a full understanding of that data. The Notes to the Financial Statements can be found on pages 14-19 of this report.

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Required Supplementary Information

The Required Supplementary Information is presented concerning the TJA's General Fund budgetary schedule. A budgetary comparison schedule has been provided with original budget and actual and variance data for the General Fund to demonstrate compliance with this budget.

Schedule of Expenditures (General Fund)

This schedule provides more detailed information regarding the expenditures of the TJA with budget and actual data and a comparison to the prior year actual.

II. FINANCIAL HIGHLIGHTS

- > Total net position was \$7,190,014, a decrease of \$521,276 from the prior year.
- > TJA had an ending unrestricted net position of \$1,760,921 which was an increase of \$31,417 from 2022.
- > Most of TJA's net position value comes from its net investment in capital assets of \$5,429,093.
- > Total revenues from member services increased by \$729,933 to \$8,841,699 from 2022 due to increased services and costs.
- > Expenses in the statement of activities totaled \$9,261,686 an increase of \$717,195 due to increased services and costs which is in relation to revenues.

III. FINANCIAL ANALYSIS

The following are comparative financial statements, which showcase key financial data.

**Table 1
Statement of Net Position
Fiscal Years Ending June 30, 2023 and 2022**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$694,520	\$875,579
Accounts Receivable	1,381,669	1,105,805
Depreciable Assets	5,429,093	5,981,786
Total Assets	7,505,282	7,963,170
<u>LIABILITIES</u>		
Current Liabilities	315,268	251,880
Total Liabilities	315,268	219,897
<u>NET POSITION</u>		
Net Investment in		
Capital Assets	5,429,093	5,981,786
Unrestricted	1,760,921	1,729,504
Total Net Position	\$7,190,014	\$7,711,290

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

III. FINANCIAL ANALYSIS (cont.)

Table 2
Statement of Activities
Fiscal Years Ending June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>REVENUES</u>		
Charges for Services	\$8,738,657	\$8,110,888
<u>EXPENSES</u>		
Bus Operations	9,261,686	8,544,491
Net Program Revenues	<u>(523,029)</u>	<u>(433,603)</u>
General Revenues:		
Investment Earnings	<u>1,753</u>	<u>98</u>
CHANGE IN NET POSITION	(521,276)	(433,505)
Net Position July 1, 2022	<u>7,711,290</u>	<u>8,144,795</u>
Net Position June 30, 2023	<u>\$7,190,014</u>	<u>\$7,711,290</u>

The change in net position is primarily attributable to a net increase in revenues and an increase in the expenses for operations. This is balanced with a decrease in capital asset purchases being inferior to depreciation on existing assets and the change in unavailable revenue relating to member contributions for the year ended June 30, 2023.

Governmental Activities

Total revenues in the governmental activities increased by \$627,769 to \$8,738,657 which represents an 7.8% increase from the prior year. Most of the revenues come from each district's own transportation fund and are paid to TJA based on each district's proportional share of expenditures.

Total expenses totaled \$9,261,686, which was an increase of \$717,195 over the prior year of 8.4% due classes resuming in person during the 2021/22 school year and increase in transportation services and costs.

IV. ANALYSIS OF SIGNIFICANT BUDGET TO ACTUAL VARIANCES

The analysis that follows provides explanation for the most significant variances between budgeted and actual results.

- > Overall, actual revenues were \$503,796 less than budgeted. TJA revenues are collected from District 47 and District 155 based upon actual expenditures incurred.
- > Expenditures were \$691,007 less than budgeted due to staff shortage and not being fully staffed for the entire fiscal year along with operational costs of the fleet, such as fuel and maintenance. The lower amount of revenue received correlates to the expenditures, as the joint agreement is funded by the districts based upon usage of services.

**TRANSPORTATION JOINT AGREEMENT
OF SCHOOL DISTRICTS 47 AND 155**
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

V. LONG-TERM OBLIGATIONS

At the end of fiscal year 2023, TJA had no long-term obligations.

VI. CAPITAL ASSETS

At the end of the fiscal year 2023, TJA had \$5,492,093 invested in buildings, and transportation equipment (net of accumulated depreciation).

Table 4
Capital Assets (Net of Accumulated Depreciation) at June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Building	\$330,117	\$341,494
Transportation Equipment	5,098,976	5,640,292
Totals	<u>\$5,429,093</u>	<u>\$5,981,786</u>

Overall, capital assets decreased \$552,693 from fiscal year 2022 to fiscal year 2023 due to a decrease in bus purchases and depreciation on existing assets as well as new additions.

See Note 5 of the financial statements for more detailed information.

VII. MAJOR SIGNIFICANT EVENTS & CONCERNS

Overall, there are no significant events or concerns for TJA. However, below are some items that are important or will continue to be monitored.

- > The State of Illinois provides funding to the districts based upon their annual transportation claim. Any delays can impact the cash flow of the districts. Claims are submitted based upon each district's use of services.
- > The TJA management team continues to seek competitive bidding for fuel and equipment purchases to assist in the reduction of costs. Changes in supply chain requires TJA to continuously work with vendors to maintain quality service and competitive pricing while receiving supplies as needed for operations.

CONTACTING THE TJA's FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview to all those who are interested in the TJA's finances and to show the TJA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Catherine Nelson
Assistant Superintendent of Business
Community Consolidated School District 47
300 Commerce Drive
Crystal Lake, IL 60014

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES
Assets	
Cash	\$ 694,520
Accounts receivable - interest	5,965
Accounts receivable - from member districts	1,375,704
Capital assets, net of accumulated depreciation	5,429,093
 Total assets	 7,505,282
Liabilities	
Accounts payable	\$ 85,074
Accrued salaries	230,194
 Total liabilities	 315,268
Net position	
Net investment in capital assets	5,429,093
Unrestricted	1,760,921
 Total net position	 \$ 7,190,014

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	CHARGES FOR SERVICES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>				
Transportation operations	\$ 9,261,686	\$ 8,738,657		\$ (523,029)
Total governmental activities	<u>\$ 9,261,686</u>	<u>\$ 8,738,657</u>		<u>(523,029)</u>
General revenues:				
				1,753
				<u>1,753</u>
				(521,276)
				<u>7,711,290</u>
				<u>\$ 7,190,014</u>

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
GOVERNMENTAL FUND
BALANCE SHEET
AS OF JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	GENERAL FUND	GENERAL FUND
	2023	2022
Assets		
Cash	\$ 694,520	\$ 875,579
Accounts receivable - interest	5,965	-
Accounts receivable - from member districts	1,375,704	1,105,805
Total assets	\$ 2,076,189	\$ 1,981,384
Liabilities, deferred inflows of resources, and fund balance		
Liabilities		
Accounts payable	\$ 85,074	\$ 67,224
Accrued salaries	230,194	184,656
Total liabilities	315,268	251,880
Deferred inflows of resources		
Unavailable member contributions	-	155,794
Total deferred inflows of resources	-	155,794
Fund balance		
Unassigned	1,760,921	1,573,710
Total fund balance	1,760,921	1,573,710
Total liabilities, deferred inflows of resources and fund balance	\$ 2,076,189	\$ 1,981,384

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
 RECONCILIATION OF THE GOVERNMENTAL FUND
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023

Total fund balances - governmental fund	\$	1,760,921
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Amounts reported for governmental activities in the Statement of Net Position is different because:

The cost of capital assets (buildings and equipment) purchased is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the Agreement as a whole.

Cost of capital assets	\$	13,215,754	
Accumulated depreciation		<u>(7,786,661)</u>	
			<u>5,429,093</u>

Net position of governmental activities	\$	<u><u>7,190,014</u></u>
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TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2023
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2022

	GENERAL FUND	GENERAL FUND
	2023	2022
Revenues		
Member contributions	\$ 8,841,699	\$ 8,111,766
Student fees	52,752	67,227
Net investment income	1,753	98
Total revenues	<u>8,896,204</u>	<u>8,179,091</u>
Expenditures		
Transportation operations	5,640,436	5,048,593
Maintenance	365,077	452,275
Fixed charges	1,480,995	1,471,751
Capital outlay	647,780	602,622
Field trips	420,208	283,483
Other	154,497	290,440
Total expenditures	<u>8,708,993</u>	<u>8,149,164</u>
Net change in fund balance	187,211	29,927
Fund balance, beginning of year	<u>1,573,710</u>	<u>1,543,783</u>
Fund balance, end of year	<u>\$ 1,760,921</u>	<u>\$ 1,573,710</u>

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
 RECONCILIATION OF THE GOVERNMENTAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balance - governmental fund \$ 187,211

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

Capital outlays are reported in governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation expense	\$	(823,409)	
Capital outlay		<u>647,784</u>	
			(175,625)

The net effect of various miscellaneous transactions involving capital assets, (sale, disposal, transfer, etc.) is to decrease net position. (377,068)

Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:

Member contributions		<u>(155,794)</u>	
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Change in net position of governmental activities \$ (521,276)

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – NATURE OF ORGANIZATION AND OPERATIONS

The Transportation Joint Agreement of School Districts 47 and 155 (the “Agreement”) was organized in August 1974 by joint resolution of Crystal Lake Community Consolidated School District No. 47 and Community High School District 155 for the primary purpose of providing transportation services to the school districts.

An Advisory Board composed of two members from each district is responsible for operations. Administrative activities are handled by Crystal Lake Community Consolidated School District No. 47. District employees are considered District 47 employees for purposes of Illinois Municipal Retirement Fund pension calculations and deductions, participation in the self-insurance fund related to health care and for participation in a group health plan.

The Agreement’s facilities are located on land owned by Community High School District 155.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICES

Reporting Entity

This report includes all of the funds of the Agreement. The reporting entity for the Agreement consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Agreement has not identified any organizations that meet these criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Agreement. The effect of interfund activity has been removed from these statements. The Agreement’s operating activities are all considered “governmental activities”, that is, activities normally supported by taxes and intergovernmental revenues. The Agreement has no operating activities that would be considered “business activities”.

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

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICES (CONTINUED)

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the Agreement's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for the governmental fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are used to account for the Agreement's general government activities. Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agreement considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest on investments and intergovernmental revenue are susceptible to accrual. Other revenues become measurable and available when cash is received by the Agreement and are recognized as revenue at that time.

Major Governmental Fund

General Fund - The General Fund is the general operating fund of the Agreement. It is used to account for all financial resources.

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICES (CONTINUED)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

State statutes authorize the Agreement to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

Receivables

The Agreement has receivables of \$1,375,704 from member districts as of June 30, 2023. Receivables are expected to be collected within one year.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Agreement as assets with an initial individual cost of more than \$5,000 and a life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	80 years
Site Improvements	20 years
Transportation Equipment	7-15 years
Other Equipment	5-20 years

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

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICES (CONTINUED)

Equity Classifications

Equity is classified as net position and displayed in three components:

Investment in capital assets – Consists of capital assets including restricted capital assets.

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

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

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

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g., inventory, pre-paid items).

Restricted - includes amounts constrained for a specific purpose by external parties.

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Advisory Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Advisory Board that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Advisory Board or an official that has been delegated authority to assign amounts. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in the General Fund is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. All of the Agreement’s fund balance as of June 30, 2023, is considered unassigned.

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTANT POLICES (CONTINUED)

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agreement’s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2023, expenditures did not exceed budget in the General Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

The Agreement maintains an interest-bearing demand deposit account for all cash, carried at cost, which approximates market value. At year end, the Agreement’s carrying amount of cash was \$694,520.

Custodial Credit Risk – Deposits

At year end, the bank balance of the Agreement’s deposits of \$748,924; \$90,243 was not collateralized and insured.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the Agreement for the year ended June 30, 2023, was as follows:

	<i>Balance July 1, 2022</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2023</i>
<i>Capital assets being depreciated:</i>				
Buildings	\$ 665,312	-	-	\$ 665,312
Building Improvements	35,822	-	-	35,822
Transportation Equipment	12,753,020	647,784	886,184	12,514,620
<i>Less accumulated depreciation for:</i>				
Buildings	(323,818)	(11,377)	-	(335,195)
Building Improvements	(35,822)	-	-	(35,822)
Transportation Equipment	(7,112,728)	(812,032)	(509,116)	(7,415,644)
Net governmental activities capital assets	\$ 5,981,786	\$ (175,625)	\$ 377,068	\$ 5,429,093

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – RISK MANAGEMENT

The Agreement is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The Agreement participates in District 47's insurance policies. During the fiscal year ended June 30, 2023, the Agreement continued its risk management policies by purchasing commercial insurance from private insurance companies. There have been no significant reductions in insurance coverage from coverage in prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 7 – RETIREMENT SYSTEMS

Illinois Municipal Retirement Fund

All eligible employees of the Agreement are considered employees of District 47 (the "District") for purposes of participation in the Illinois Municipal Retirement Fund (IMRF). For purposes of IMRF, Agreement employees are included in the actuarial valuation of District 47 and related liabilities have been recorded with the District. Accordingly, separate actuarial information has not been determined for Agreement employees and no liability has been allocated to the Agreement.

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FROM BUDGET
Revenues			
Member contributions District 47	\$ 5,433,200	\$ 5,043,519	\$ 389,681
Member contributions District 155	3,936,800	3,798,180	138,620
Student fees	30,000	52,752	(22,752)
Earnings on investments	<u>-</u>	<u>1,753</u>	<u>(1,753)</u>
Total revenues	<u>9,400,000</u>	<u>8,896,204</u>	<u>503,796</u>
Expenditures			
Transportation operations	5,701,388	5,640,436	60,952
Maintenance	508,082	365,077	143,005
Fixed charges	1,650,500	1,480,995	169,505
Capital outlay	702,780	647,780	55,000
Field trips	365,500	420,208	(54,708)
Other	<u>471,750</u>	<u>154,497</u>	<u>317,253</u>
Total expenditures	<u>9,400,000</u>	<u>8,708,993</u>	<u>691,007</u>
Net change in fund balance	<u>\$ -</u>	187,211	<u>\$ (187,211)</u>
Fund balance, beginning of year		<u>1,573,710</u>	
Fund balance, end of year		<u>\$ 1,760,921</u>	

**TRANSPORTATION JOINT AGREEMENT OF SCHOOL
DISTRICTS 47 AND 155**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The budgeted amounts for the Governmental Fund are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Agreement follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The Administration submits to the respective Boards of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
3. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	ORIGINAL AND FINAL BUDGET	2023 ACTUAL	VARIANCE FROM BUDGET	2022 ACTUAL
Expenditures				
Transportation operations				
Assistant director/safety - salary	\$ 83,000	\$ 115,728	\$ (32,728)	\$ 83,000
Routing - salary	101,563	107,544	(5,981)	97,634
Administration assistant - salary	51,822	51,411	411	49,075
Dispatcher - salaries	119,816	119,318	498	120,176
Director - salary	106,013	97,077	8,936	100,965
Contractual	391,000	665,653	(274,653)	422,789
Travel/workshops	7,000	816	6,184	168
Telephone/paging	24,000	18,160	5,840	19,993
Professional Services	202,000	178,092	23,908	181,402
Publications	12,000	89	11,911	6,466
Water/sewer service	750	712	38	681
Heat	8,500	6,654	1,846	6,516
Electric	16,500	10,136	6,364	14,864
Software	500	-	500	-
Operations - salary	2,000,000	1,986,692	13,308	1,858,055
Special ed - salary	1,500,000	1,469,932	30,068	1,324,717
Driver training	65,000	45,940	19,060	40,845
Operations - supplies	52,424	56,482	(4,058)	35,782
Gas & oil	769,000	699,115	69,885	671,355
Maintenance contractual	176,500	(737)	177,237	737
Vehicle license/permits/inspections	14,000	11,622	2,378	13,373
Total operations	5,701,388	5,640,436	60,952	5,048,593
Maintenance				
Maintenance - salary	\$ 258,082	\$ 245,293	\$ 12,789	\$ 242,197
Maintenance supplies	250,000	119,784	130,216	210,078
Total maintenance	508,082	365,077	143,005	452,275

TRANSPORTATION JOINT AGREEMENT OF SCHOOL DISTRICTS 47 AND 155

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	ORIGINAL AND FINAL BUDGET	2023 ACTUAL	VARIANCE FROM BUDGET	2022 ACTUAL
Fixed Charges				
Auditing services	\$ 9,700	\$ 7,675	\$ 2,025	\$ 9,500
Legal services	20,000	9,717	10,283	10,882
Unemployment compensation	20,000	2,051	17,949	36,455
Insurance - health	363,500	315,850	47,650	284,391
Annual physical	30,000	37,166	(7,166)	32,011
Workers compensation & liability	390,000	356,791	33,209	352,676
IMRF	441,700	393,773	47,927	420,609
FICA/Medicare	<u>375,600</u>	<u>357,972</u>	<u>17,628</u>	<u>325,227</u>
Total fixed charges	<u>1,650,500</u>	<u>1,480,995</u>	<u>169,505</u>	<u>1,471,751</u>
Capital Outlay				
New bus purchase/radios	\$ <u>702,780</u>	\$ <u>647,780</u>	\$ <u>55,000</u>	\$ <u>602,622</u>
Total capital outlay	<u>702,780</u>	<u>647,780</u>	<u>55,000</u>	<u>602,622</u>
Field Trips				
Field trip - salary	\$ <u>365,500</u>	\$ <u>420,208</u>	\$ <u>(54,708)</u>	\$ <u>283,483</u>
Total field trips	<u>365,500</u>	<u>420,208</u>	<u>(54,708)</u>	<u>283,483</u>
Other				
Non-capitalized equipment	\$ 370,000	\$ 89,232	\$ 280,768	\$ 228,001
Office supplies	1,000	88	912	763
Dues & fees	750	636	114	279
Awards & incentives	<u>100,000</u>	<u>64,541</u>	<u>35,459</u>	<u>61,397</u>
Total other	<u>471,750</u>	<u>154,497</u>	<u>317,253</u>	<u>290,440</u>
Total expenditures	<u>\$ 9,400,000</u>	<u>\$ 8,708,993</u>	<u>\$ 691,007</u>	<u>\$ 8,149,164</u>