

Summit Hill School District 161

Arbury Hills School ▪ Frankfort Square School ▪ Indian Trail School
Dr. Julian Rogus School ▪ Walker Intermediate School ▪ Summit Hill Jr. High

Summit Hill
School District 161
Frankfort, Illinois

Annual Comprehensive
Financial Report for the
Fiscal Year Ended
June 30, 2021

**SUMMIT HILL SCHOOL DISTRICT 161
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Transmittal Letter	i - ix
Board of Education Members and Officers	x
Functional Organizational Chart	xi
ASBO Certificate of Excellence in Financial Reporting	xii
FINANCIAL SECTION:	
Independent Auditor's Report	xiii - xv
Management's Discussion and Analysis	xvi - xxv
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3 - 4
Reconciliation of Fund Balances - Total Governmental Funds to Net Position of Governmental Activities	5
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	6 - 9
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds to the Change in Net Position of Governmental Activities	10
Statement of Revenues, Expenditures and Change in Fund Balances - Budget and Actual - General Fund	11

**SUMMIT HILL SCHOOL DISTRICT 161
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

CONTENTS

	<u>Page</u>
Statement of Revenues, Expenditures and Change in Fund Balances - Budget and Actual - Transportation Fund	12
Notes to Basic Financial Statements	13 - 48
Required Supplementary Information:	
Employee Retirement and Postemployment Benefit Plan Information:	
Teachers' Retirement System of the State of Illinois	49 - 50
Illinois Municipal Retirement Fund	51 - 55
Teacher Health Insurance Security Fund	56
Postretirement Health Plan	57
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Funds:	
General Fund:	
Combining Schedule of Balance Sheet Accounts	58 - 59
Combining Schedule of Revenues, Expenditures and Change in Fund Balances	60 - 63
Educational Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	64 - 65
Operations and Maintenance Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	66

**SUMMIT HILL SCHOOL DISTRICT 161
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

CONTENTS

	<u>Page</u>
Tort Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	67
Working Cash Fund:	
Schedule of Revenues and Change in Fund Balances - Budget and Actual	68
Debt Services Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	69
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds	71
Special Revenue Fund:	
Municipal Retirement/Social Security Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	72
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual	73
Supplementary Information:	
Schedule of Expenditures - Actual and Budget	74 - 83
Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report	84

**SUMMIT HILL SCHOOL DISTRICT 161
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

CONTENTS

	<u>Page</u>
STATISTICAL SECTION:	
Net Position by Component	85 - 86
Changes in Net Position	87 - 88
Fund Balances of Governmental Funds	89 - 90
Changes in Fund Balances	91 - 92
Assessed Value and Estimated Actual Value of Taxable Property	93
Assessed Valuations, Rates, Extensions and Collections	94 -95
Tax Rates of Direct and Overlapping Taxing Districts	96
Principal Property Taxpayers	97
Outstanding Debt by Type	98
Ratios of General Bonded Debt Outstanding	99
Direct and Overlapping General Obligation Bonded Debt	100
Legal Debt Margin Information	101 - 102
Demographic and Economic Statistics	103 - 104
Principal Employers	105
Full-time Equivalent District Employees by Type	106 - 107
School Building Information	108 - 109
Teacher Base Salaries	110

**SUMMIT HILL SCHOOL DISTRICT 161
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

CONTENTS

	<u>Page</u>
SINGLE AUDIT SECTION:	
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 <i>Government Auditing Standards</i>	111 - 112
Schedule of Expenditures of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	113 - 114
Schedule of Expenditures of Federal Awards	115 - 116
Notes to Schedule of Expenditures of Federal Awards	117
Schedule of Findings and Questioned Costs	118 - 120
Summary Schedule of Prior Audit Findings	121
Corrective Action Plan	122

INTRODUCTORY SECTION



www.summithill.org

Summit Hill School District 161

Arbury Hills School ▪ Frankfort Square School ▪ Indian Trail School
Dr. Julian Rogus School ▪ Walker Intermediate School ▪ Summit Hill Jr. High

December 14, 2021

Citizens and Board of Education
Summit Hill School District No. 161
20100 S. Spruce Drive
Frankfort, Illinois 60423

The annual comprehensive financial report of Summit Hill School District 161 for the fiscal year ended June 30, 2021, is hereby submitted. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner to fairly describe the financial position and results of operation of the District as measured by the financial activity of its various funds.

The Annual Comprehensive Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements and required supplementary information as well as the independent auditors' report on the financial statements. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations and independent auditors' report on the internal control structure and compliance with applicable laws and regulations are included in this report.

This Transmittal Letter is designed to be read in conjunction with the Management Discussion and analysis.

Administrative Center: 20100 South Spruce Drive ▪ Frankfort, IL 60423 ▪ Receptionist: 815.469.9103 ▪ Fax: 815.469.0566

Reporting Entity

The District defines its reporting entity by applying the criteria set forth in GASB Statement No. 14 to potential component units. A component unit is an organization for which the District is financially accountable or other organizations that, because of the nature or significance of their relationship with the District, would cause the District's financial statements to be misleading or incomplete if they were omitted from the reporting entity. These criteria are discussed in greater detail in Note I to the basic financial statements. Using these criteria, management has determined that the District has no component units, nor is it a component unit of any other organization.

General Information

The District operates six schools with a total enrollment of approximately 2,600 students in pre-school to 8th grade during the 2020-2021 school year. Enrollment continues to trend downward as smaller kindergarten classes enter. Decreases are expected to be slight but when added together could significantly alter the number of students the District serves. Existing District facilities are adequate for both the current student population as well as future populations.

The District provides a broad range of educational programs and services. These include elementary curriculum offerings, special education services, early childhood services, and a wide-range of extracurricular activities.

The District is located in Will County, approximately 35 miles southwest of Chicago and encompasses just under 12 square miles. The school district is not a component unit of any other governmental body and there are no component units that need to be included in the district's financial statements.

Frankfort Township is one of the most advantageously situated areas of the greater Chicagoland area. Serving the District and the Township is the Interstate Highway I-80. The network of highways includes U.S. Routes 30 & 45, and State Highway 43 (Harlem Avenue). Interstate Highway I-57 is located just east of the District. Commuter rail service to downtown Chicago is readily available at one convenient location within the Township and at two locations just outside the Township.

The area's population was reported as 20,296 on the 2020 census and has grown by approximately 2,000 in the past decade. This is inversely related to the downward change in enrollment, that may be partially attributed to the age of the current population as well as the family size. The District's tax base is currently \$931 million in an area that is largely suburban, single-family housing. The tax base has been consistently rising for the past several years.

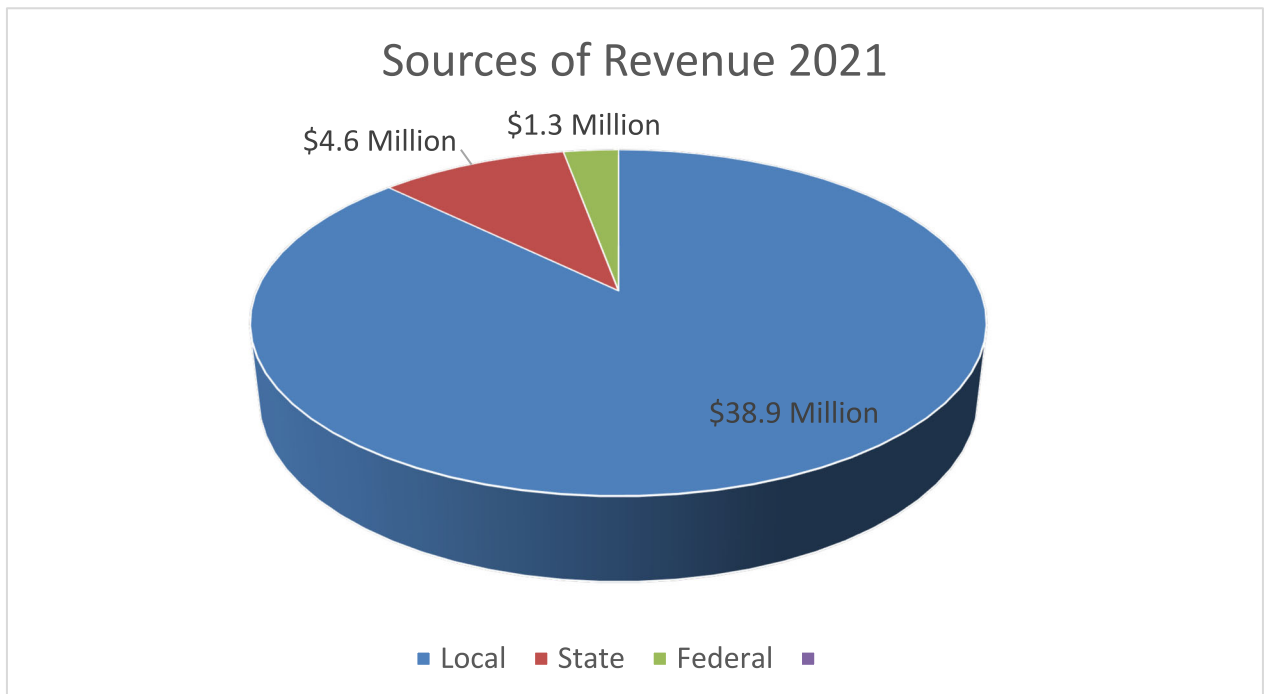
Financial Outlook

The District's financial health discloses a stable situation and adequate fund balances to finance operations. At the end of FY 2021, the District's total fund balance, at \$26.2 million, this reflected a \$24 thousand increase over FY 2020.

Continued financial difficulties with the State of Illinois impact cash on hand, and thus make it a more critical measure than in prior years. The Illinois "tax cap" law limiting the growth of property tax revenue to the state's CPI calculation of 1.4% applied to the 2021 levy.

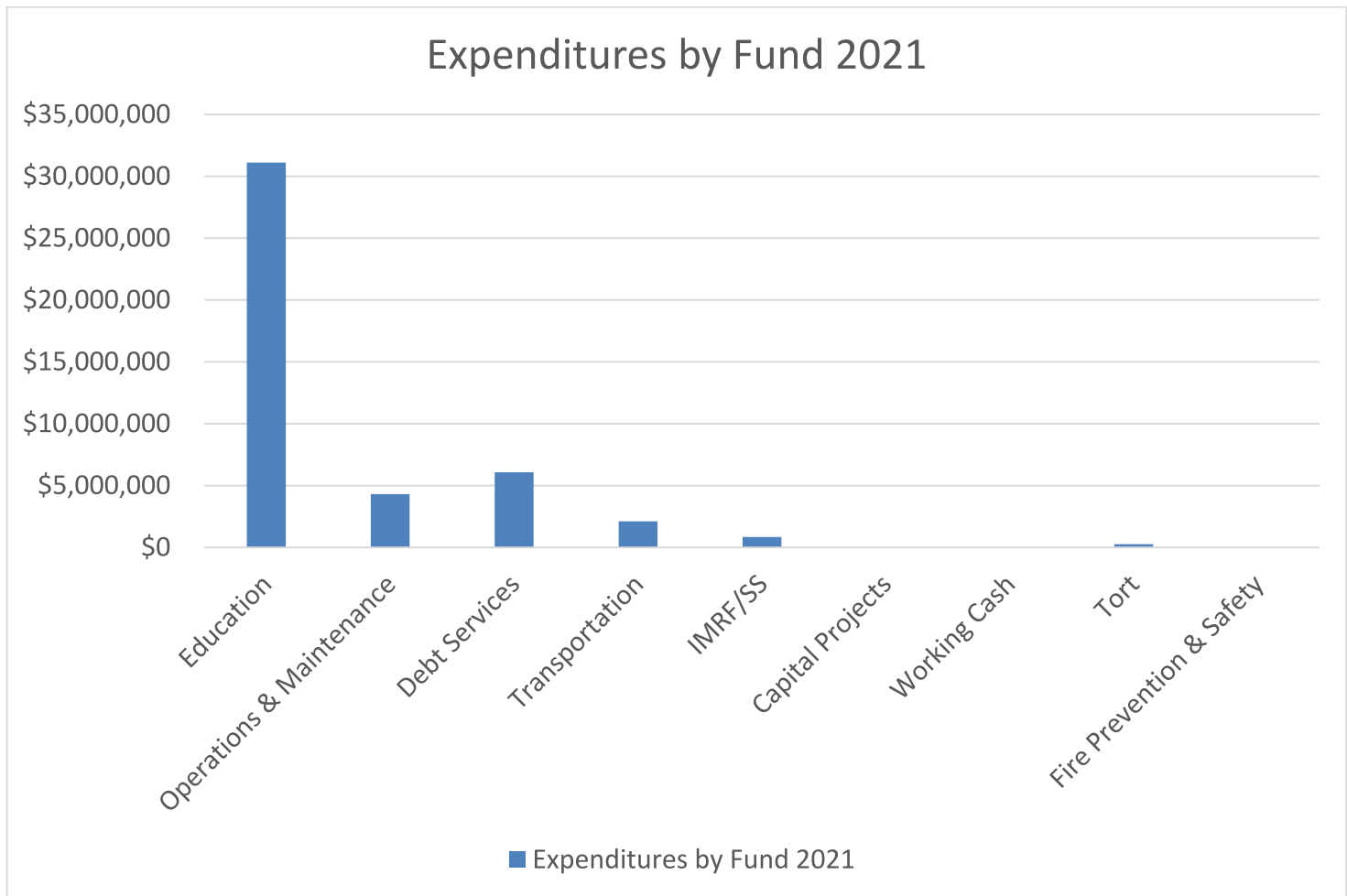
Revenues

General revenues for governmental activities are primarily derived from one local source, the district's real estate tax levy. Other revenue sources include evidenced based funding and grants provided by or through the State of Illinois, as well as federal sources. The year-end financial statements are prepared on an accrual basis, as explained in further detail in the notes to the basic financial statements.



Expenditures

Expenditures for governmental activities are comprised mainly of salaries, benefits, payments to other districts through purchased services, and debt service. They were mostly disbursed from the education fund (listed below). The measurement focus and basis of accounting used for expense recognition is described in the MD&A section as well as in the notes to the basic financial statements.



Facilities

The school district's seven building structures are in good condition. The mechanics are in fair condition. The District's architect performed a facility assessment study and developed an updated list as of November of 2021. Maintenance needs are both large and small in scope. The District is utilizing the facility assessment to develop a corresponding timeline to accomplish the recommended repairs.

Internal Accounting and Budgetary Controls

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure the accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable but not absolute assurance that these objectives are being met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Through strong internal controls, the School District assures these benefits:

- Help achieve financial performance targets
- Ensure reliable financial reporting
- Reduce fraud opportunities
- Prevent loss of resources
- Ensure compliance with laws and regulations
- Preserve financial integrity
- Reduce adverse publicity

As a recipient of state and federal financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by the management of the District.

As a part of the District's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs as well as to determine that the District has complied with applicable laws and regulations.

The District completes the budget process annually as stipulated by state statute. The process begins in the spring and continues until the final budget is approved by the Board of Education by the end of September. The superintendent maintains the staffing plan based on enrollment and other staffing needs. This information is shared with the Director of Business Services who develops an estimate of the salary and benefits based on the collective bargaining agreement and other contractual agreements with employees. Other anticipated expenditures are estimated based on known needs, spending trend analysis, and other information.

Budgetary control is maintained internally at program and line-item levels. Variances from budget at the program and line-item levels occurring because of unanticipated requirements are fully disclosed to the District's management team and to the Board of Education.

Local Property Taxes and Evidence Based Funding

Collection of local property taxes depends on the assessed value of the real property in the school district. The primary responsibility for the assessment of real property in the District is carried out in the office of the Frankfort Township Assessor. Following general trends in property value across Will County, the equalized assessed valuation of the property in the District increased with the 2020 tax levy to \$931 million from \$911.6 million. This continues a trend of modest increases to property values throughout the District as housing prices in the Frankfort area have been steady or rising.

The slight increase comes subsequent to a time when the State of Illinois has fundamentally changed their approach to funding schools. Fiscal 2021 was the fourth year of the new Evidence Based Funding (EBF) model. The District did receive more funding than it had been receiving in recent years. This was due to the new model as well as the additional tiered funding that is allocated as part of the EBF model.

The chart below shows the history of local property tax collections, and evidenced based funding /general state aid, and the percentage of fund revenue represented by the evidenced based funding.

Fiscal Year Ended June 30,	Evidence Based Funding (EBF)/General State Aid (GSA)	Property Tax Extension	Total	EBF %/GSA % of Total
2017	\$1,493,674	\$35,769,951	\$37,263,625	4%
2018	\$2,718,381	\$36,803,079	\$39,521,460	7%
2019	\$2,811,124	\$37,871,550	\$40,682,674	7%
2020	\$2,915,354	\$38,881,671	\$41,797,025	7%
2021	\$2,921,623			

The EBF payment schedule for FYE 2022 is trending upwards to \$2,982,804. A large share of support for education falls on the local taxpayers. The major taxpayers are provided within this report. Despite these revenue trends, the District's fund balances are adequate to fund current operations, largely due to cost containment.

Debt Administration

The established debt repayment schedules that were set by June 30, 2021, disclose annual increases through fiscal year ending June 30, 2025. Then, a decline ensues until the year ending June 30, 2027, when the current bonds are projected to be paid off in full.

Fiscal year due date	Annual amount due
2022	\$ 6,330,346
2023	\$ 6,727,150
2024	\$ 7,237,800
2025	\$ 7,847,600
2026	\$ 6,968,100
2027	\$ 4,248,750
<u>total</u>	<u>\$ 39,359,746</u>

Summit Hill School District 161 Mission

The mission of the District was adopted by the Board of Education in 2003. It follows:

The mission of Summit Hill School District #161, in collaboration with the family and the community, is to provide our students with the highest quality educational opportunities in a safe, supportive and stimulating learning environment which will empower them to become productive global citizens and successful lifelong learners.

School Board Goals (2019-2021)

The Board of Education adopts a set of goals annually and works with the administration to develop one-year action plans to support those longer-term goals. The goals follow.

GOAL #1 – Improve student achievement by developing and implementing a challenging curriculum:

District 161 will enhance academic, social, and emotional resources for students through program initiatives, use of data and staff training.

District Action Plan:

- Student Growth:
 - Indicator: At least 88% of the grade levels of students will meet/exceed the nationally normed NWEA Mean RIT score.
- Standards alignment & rigor:
 - Indicator: Grades K-5 will complete two common outcome assessments in ELA & math; Grades 6-8 will complete two assessments in ELA, math, science, and social studies.
- Algebra readiness:
 - Indicator: Students demonstrating algebra readiness will grow to 35% of our 8th grade class.
- Technology integration:
 - Indicator: 80% mastery of grade level skills; 90% implementation rate in lesson planning; development of STEM programming.
- Growth mindset:
 - Indicator: Support teachers with assessment and grading practices; equal interval grading scale; summative reassessments; and academic behaviors.

GOAL #2 – Ensure a safe, inspiring, and welcoming environment for students, staff, parents, and community members:

District 161 will ensure that schools are safe and positive places to learn and work by implementing initiatives expanding school security, easing transitions between schools for families, and improving the learning culture.

District Action Plan:

- Student attendance/school engagement:
 - Indicator: Average student attendance rate of at least 90%; restorative justice practices are utilized to minimize out of school suspensions; student participation in at least one school-related activity or sport.
- Bullying/cyberbullying:
 - Indicator: Ensure teacher involvement in the implementation of internet safety, including bullying/cyberbullying prevention as measured by the documented bullying incidents recorded through District bullying protocols.

GOAL #3 – Strengthen communications and connections by establishing a communications program that directly helps the District achieve its goals:

District 161 will promote and empower a collaborative culture by engaging the school community and seeking input.

District Action Plan:

- Telling the District's story:
 - Indicator: The District's new mobile app will serve as a school-community portal for on-demand access to school, district, and Board of Education information.
- Next grade readiness:
 - Indicator: Dashboards of indicators (as noted in ESSA and the high school's readiness checklist) will be communicated; progress toward grade level student growth in ELA and math; progress toward 8th grade algebra readiness; progress toward mastery of technology grade level skills; progress toward maintaining a student attendance rate of at least 90%.

GOAL #4 – Maximize time, talent, and finances by aligning these resources to the mission and goals of the District:

District 161 will engage stakeholders in collecting, analyzing, reporting, and acting on data to ensure efficient and effective use of our time, human, and financial resources.

District Action Plan:

- Building utilization:
 - Indicators: Continue to host Superintendent Advisories to share student enrollment information and gather community feedback to address future building utilization that will allow for effective delivery of instruction and optimization of District resources; conduct an enrollment study to plan for future building utilization; building utilization strategies report with a recommendation will be shared prior to the end of the 2019-2020 school year.

Certificate of Excellence in Financial Reporting

The Association of School business Officials International (ASBOI) has awarded a Certificate of Excellence in Financial Reporting to the District for its Annual Comprehensive Financial report for each fiscal year beginning with the June 30, 1986 report.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to the program's standards. Such a report must satisfy both generally accepted accounting principles and applicable requirements.

The Certificate of Excellence is valid for a period of one year only. We believe that our current report once again conforms to the program's requirements, and we are submitting it to ASBOI to determine its eligibility for another certificate for the year ended June 30, 2021.

Independent Audit

The Illinois School Code and the School Board's policy require that an annual audit be performed by an independent certified public accountant. The accounting firm of PKF Mueller located in Orland Park, Illinois was selected by the District to perform the audit. The Independent Auditor's Report is included in the Financial Section of this report.

Closing Statement

It is the intent of the business office that this annual comprehensive financial report will provide the citizens and Board of Education of Summit Hill School District 161, outside investors, and interested parties with meaningful financial data, presented accurately and comprehensively. It is hoped that all readers of this report will obtain a clear and concise picture of the District's financial condition as of June 30, 2021.

The New Superintendent, Dr. Paul McDermott and New Director of Business Services, Julie Stearns are excited to have joined Summit Hill School District 161 effective July 1, 2021. The Annual Comprehensive Financial Report for the year ended June 30, 2021, is comprised of financial information provided from the previous and current business office teams, that has been audited by the independent accounting firm. Appreciation is expressed to the Board of Education for Summit Hill School District 161 for their service to the District.

Respectfully submitted,

J. Stearns

Julie Stearns, CPA
Director of Business Services, &
Treasurer

SUMMIT HILL SCHOOL DISTRICT 161
WILL COUNTY, ILLINOIS

20100 South Spruce Drive
Frankfort, Illinois 60423

BOARD OF EDUCATION

		<u>Term Expires</u>
Ms. Stacey Borgens	President	4/2023
Ms. Stefanie McCleish	Vice-President	4/2025
Mr. Jim Martin	Secretary	4/2025
Ms. Amy Berk	Member	4/2025
Ms. Katie Campbell	Member	4/2025
Mr. George Leonard	Member	4/2023
Ms. Trudy Sturino	Member	4/2023

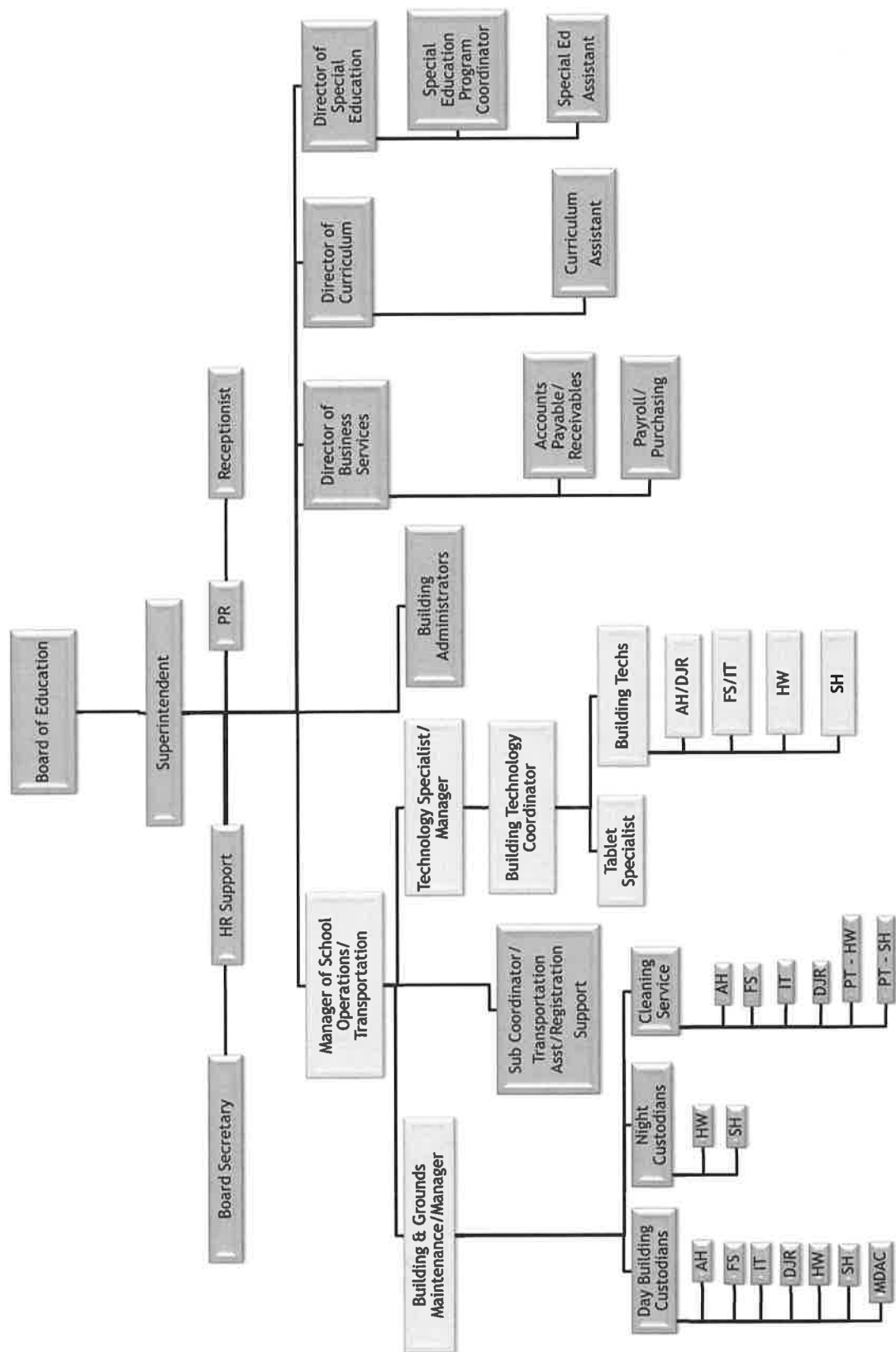
DISTRICT ADMINISTRATION

Ms. Barb Rains	Superintendent
Ms. Leslie DeBoer	Director of Special Education
Mr. John Snipes	Director of Curriculum
Mr. Doug Wiley	Director of Business Services
Ms. Francie Boss	Principal, Arbury Hills School
Mr. Colin Bradley	Principal, Dr. Julian Rogus School
Ms. Tracy Bulfer	Assistant Principal, Dr. Julian Rogus School
Ms. Maura Carroll	Principal, Hilda Walker Intermediate
Ms. Stephanie Gary	Assistant Principal, Hilda Walker Intermediate
Ms. Laura Goebel	Principal, Summit Hill Junior High School
Mr. Jason Isdonas	Principal, Frankfort Square School
Mr. Rob Juritza	Assistant Principal, Summit Hill Junior High School
Ms. Jennifer Winefka	Associate Principal, Summit Hill Junior High School
Ms. Dana Wright	Principal, Indian Trail School

OFFICIAL ISSUING REPORT

Mr. Doug Wiley	Director of Business Services
Ms. Rebecca Schultz	Bookkeeper/Purchasing
Ms. Sandra Fitzpatrick	Payroll

Summit Hill School District 161





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Summit Hill School District 161

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Superintendent of Schools and Board of Education
Summit Hill School District 161
Frankfort, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit Hill School District 161 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Summit Hill School District 161'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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of Summit Hill School District 161 as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Transportation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note II to the financial statements, Summit Hill School District 161 adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are 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 management's discussion and analysis on pages xvi through xxv and employee retirement and postemployment benefit plan information on pages 49 - 57 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 Summit Hill School District 161's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, schedule of expenditures - actual and budget, Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, schedule of expenditures - actual and budget, Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report, and 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 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 combining and individual fund financial statements and schedules, schedule of expenditures - actual and budget, Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of Summit Hill School District 161'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 Summit Hill School District 161'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 Summit Hill School District 161's internal control over financial reporting and compliance.



Orland Park, Illinois
December 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

The discussion and analysis of Summit Hill School District 161's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2021. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$2.7 to a total net position of \$12.7. This represents a 27% increase from 2020. Major contributing factors include continued repayment of the District's long-term debt and changes in the District's pension liabilities and deferred outflows/inflows of resources related to pensions.
- General revenues accounted for \$42 in revenue or 67% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$20.8 or 33% of total revenues of \$62.8.
- The District had \$60.1 in expenses related to government activities. However, \$20.8 of these expenses were offset by program specific charges and grants. The total fund balance remained relatively consistent with an increase from 2020 in the amount of \$24 thousand.
- Educational technology continues to be a focus for the District. This was done to ensure that students and staff were able to utilize up-to-date technology on day one of the 2020-2021 school year.
- The District continued to pay down its long-term debt. The District does not have plans to issue any new long-term debt in the near future and the District's debt will be completely paid off during fiscal year ending 2027.
- The District is a member of the Educational Benefits Cooperative. This is a health insurance pool that the district is a part of along with other school districts, which allows for better group pricing.
- Due to current market conditions, interest income again was a nominal portion of the revenue stream. The District continues to work with PMA Financial to obtain the best rates possible.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic 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/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them 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 government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

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 can be categorized as governmental funds (the District maintains no proprietary or fiduciary 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 school district's near-term financing requirements.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

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

The District maintains five different governmental funds. The major funds are the General Fund, the Transportation Fund, and the Debt Services Fund. They are presented separately in the fund financial statements with the remaining governmental funds combined into a single aggregated presentation labeled "nonmajor governmental funds." Individual fund information for the nonmajor funds is presented in the combining and individual fund financial statements and schedules section of this report.

The District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison statements for the General Fund and the Transportation Fund are included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental fund budgetary comparisons are reported in the combining and individual fund financial statements and schedules section of this report.

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and OPEB benefits.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2021, than it was the year before, increasing 27% to \$12.7.

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>2021</u>	<u>2020</u>
Assets:		
Current and other assets	\$ 48.0	\$ 46.9
Capital assets	<u>49.6</u>	<u>51.4</u>
Total assets	<u>97.6</u>	<u>98.3</u>
 Total deferred outflows of resources	 <u>4.0</u>	 <u>3.0</u>
Liabilities:		
Current liabilities	2.6	2.2
Long-term debt outstanding	<u>60.0</u>	<u>64.6</u>
Total liabilities	<u>62.6</u>	<u>66.8</u>
 Total deferred inflows of resources	 <u>26.3</u>	 <u>24.5</u>
Net position:		
Net investment in capital assets	13.6	10.3
Restricted	5.2	6.0
Unrestricted (deficit)	<u>(6.1)</u>	<u>(6.3)</u>
Total net position, as restated for 2020	<u>\$ 12.7</u>	<u>\$ 10.0</u>

Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

Table 2
Changes in Net Position
(in millions of dollars)

	<u>2021</u>	<u>2020</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 0.2	\$1.0
Operating grants & contributions	20.6	9.9
<i>General revenues:</i>		
Taxes	38.1	37.4
Evidenced based funding	2.9	2.9
Other	1.0	0.5
Total revenues	<u>62.8</u>	<u>51.7</u>
Expenses:		
Instruction	41.2	32.0
Pupil & instructional staff services	3.4	4.8
Administration & business	2.4	3.4
Transportation	2.1	0.1
Interest & fees	1.2	1.3
Other	9.8	7.7
Total expenses	<u>60.1</u>	<u>49.3</u>
Increase (decrease) in net position	2.7	2.4
Net position, beginning of year, as restated for 2020	<u>10.0</u>	<u>7.6</u>
Net position, end of year	<u>\$ 12.7</u>	<u>\$ 10.0</u>

Revenues in the governmental activities of the District of \$62.8 exceeded expenses by \$2.7.

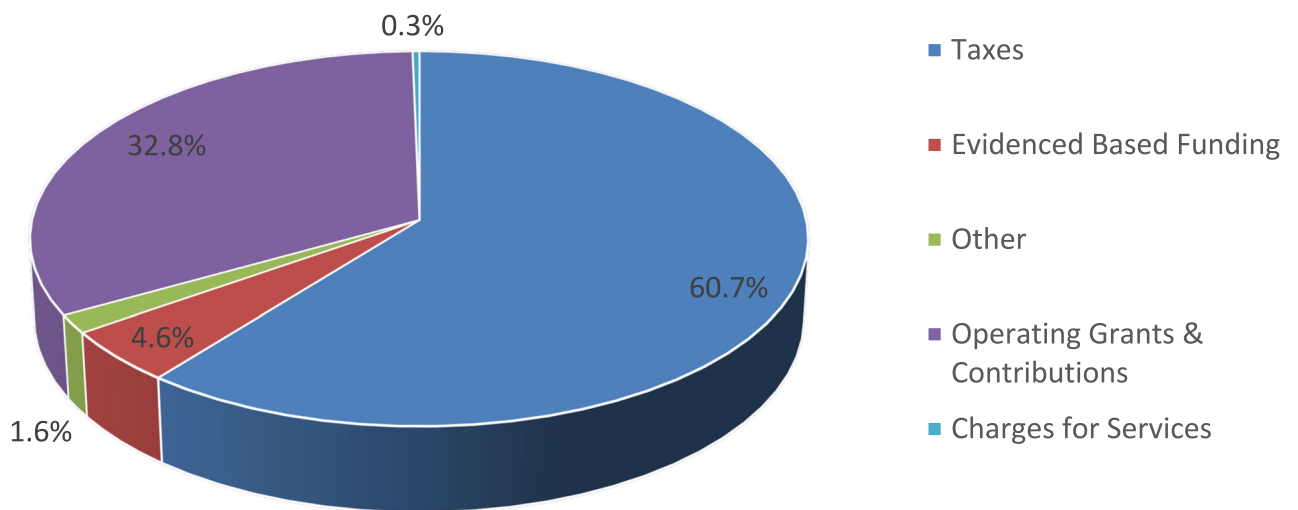
The on-behalf receipts and disbursements changed to \$17.3 in 2021 from \$9.1 in 2020.

Property taxes accounted for the largest portion of the District's revenues, contributing 61%. The remainder of revenues came from state, federal grants, and other sources.

The total cost of all the District's programs were \$60.1, mainly related to instructing and caring for the students and student transportation at 82% of total expenses.

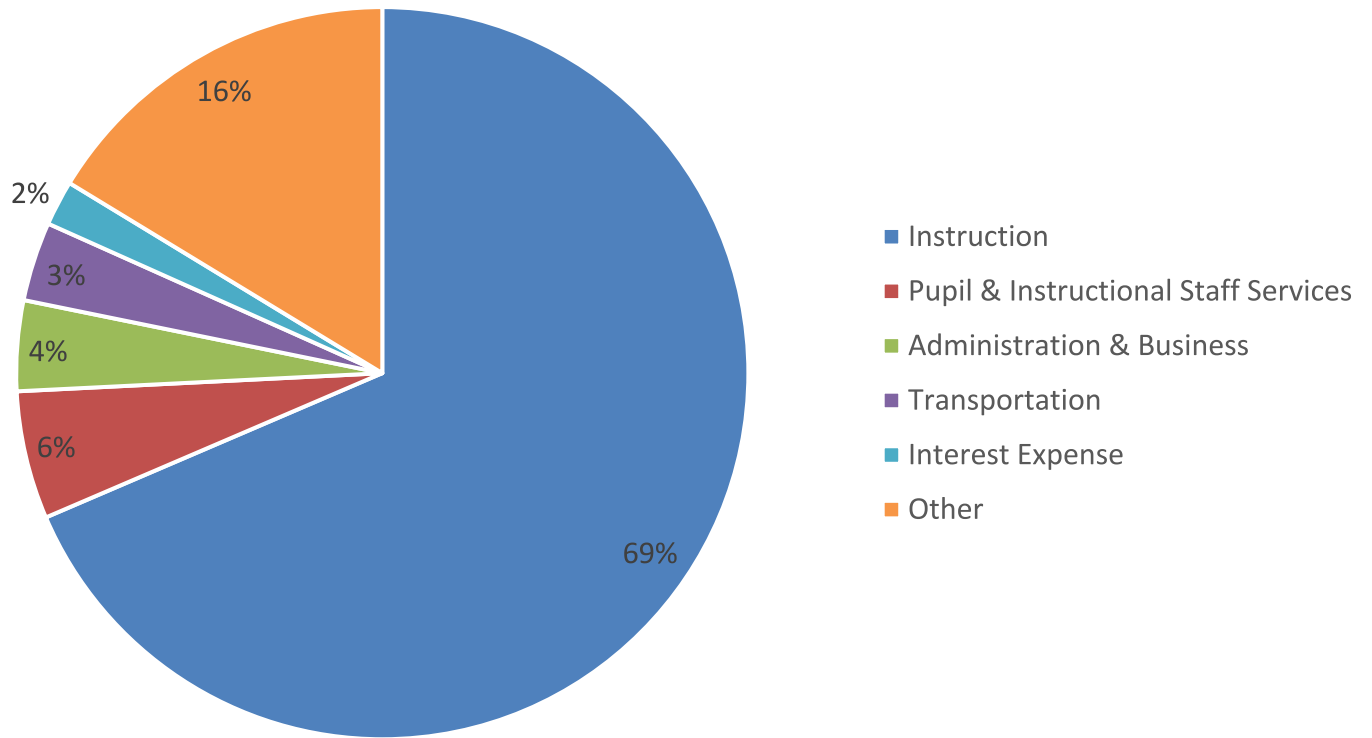
Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

District- Wide Revenues by Source 2021



Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

District- Wide Expenditures



Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

The Educational Fund, a subfund of the General Fund, disclosed a decrease in its fund balance of \$0.8 [or \$793,549].

This attributed to the overall decrease in the General Fund of \$0.2 [or \$247,949].

The Transportation Fund balance decreased by \$0.06 [or \$62,299]. The local high school district continues to provide the District's transportation services. This intergovernmental agreement ensures quality services.

The Debt Services Fund increased by \$0.2 [or \$195,879].

The Nonmajor Governmental Funds increased by \$0.1 [or \$138,759].

In accordance with GASB 84 there was a \$0.09 [or \$93,287] restatement of student activities for 2020 resulting in a change in beginning fund balance to \$26 [or \$26,149,660].

The total of all governmental funds increased by \$0.02 [or \$24,390]. The total ending fund balance of all governmental funds totaled \$26 [or \$26,174,050] as of June 30, 2021.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

Capital Assets and Debt Administration

Capital assets

By the end of 2021, the District had compiled a total investment of \$92.7 (\$49.6 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$2.0. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2021</u>	<u>2020</u>
Land	\$ 3.9	\$ 3.9
Construction in progress	0.0	0.5
Buildings	44.8	46.9
Equipment	0.7	0.3
Land improvements	0.2	0.2
Total	<u>\$ 49.6</u>	<u>\$ 51.4</u>

Long-term debt

The District issued \$8.9 of Taxable General Obligation Refunding School Bonds, series 2020. A portion of the proceeds was used for the refunding of \$8.7 of the outstanding General Obligation Refunding School Bonds Series 2012. The net proceeds of \$9 were deposited in an irrevocable trust with an escrow agent to provide for the refunding of the series 2012 General Obligation Refunding School Bonds.

Net pension and OPEB liabilities increased by \$0.2.

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 36.8	\$ 41.6
Net Pension and Other Post- Employment Benefits Liabilities	23.2	23.0
Total	<u>\$ 60.0</u>	<u>\$ 64.6</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may impact financial operations in the future:

The COVID-19 pandemic has had an impact on the State of Illinois finances. The District is anticipating receiving an increased amount in fiscal 2022 from Evidenced Based Funding. The EBF payment schedule for FYE 2022 is trending upwards to \$2,982,804. For FYE 2021, EBF amount was \$2,921,263.

Pension reform and a property tax freeze are still unresolved issues at the state level. There has not been much recent action on either issue, but the District will continue to monitor these issues closely.

The bond payment schedule established prior to July 1, 2021, discloses upward cost trends through the fiscal year ending June 30, 2025. Thereafter, a downward trend is projected. The projected final bond payment of the current bonds due, is in fiscal year ending June 30, 2027.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

The school district's seven building structures are in good condition. The mechanics are in fair condition. The District's architect performed a facility assessment study and developed an updated list as of November of 2021. Maintenance needs are both large and small in scope. The District is utilizing the facility assessment to develop a corresponding timeline to accomplish the recommended repairs.

The District's enrollment has been on a downward trend for the past several years.

The collective bargaining agreement with the District's certified staff ends on June 30, 2022. Negotiations will commence on a new agreement. The outcome of these negotiations will have a financial impact to the District, but that impact is not yet known.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, 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, please contact the Business Office at:

Julie Stearns
Summit Hill School District 161
20100 S. Spruce Drive
Frankfort, IL 60423

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Equity in pooled cash and investments	\$ 25,914,272
Receivables:	
Property taxes	21,190,909
Entitlements	654,569
Other	152,813
Capital assets not being depreciated	3,946,982
Capital assets, net of accumulated depreciation	<u>45,701,506</u>
 Total assets	 <u>97,561,051</u>

DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on refunding	693,159
Deferred outflows of resources related to pensions	1,861,116
Deferred outflows of resources related to other postemployment benefits	<u>1,481,206</u>
 Total deferred outflows of resources	 <u>4,035,481</u>

LIABILITIES

Accounts payable and other current liabilities	2,586,095
Noncurrent liabilities:	
Due within one year	5,370,000
Due in more than one year	<u>54,679,106</u>
 Total liabilities	 <u>62,635,201</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for future period	19,246,427
Deferred inflows of resources related to pensions	2,609,923
Deferred inflows of resources related to other postemployment benefits	<u>4,415,952</u>
 Total deferred inflows of resources	 <u>26,272,302</u>

NET POSITION

Net investment in capital assets	13,564,675
Restricted for:	
Education	87,818
Debt service	4,047,313
FICA/Medicare	257,539
Tort immunity	160,549
Transportation	635,249
Unrestricted deficit	<u>(6,064,114)</u>
 Total net position	 <u>\$ 12,689,029</u>

The accompanying notes are an integral part of the financial statements.

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Position</u>
Functions/programs:				
Governmental activities:				
Instructional	\$ 41,180,083	\$ 237,335	\$ 19,027,919	\$ (21,914,829)
Pupil support	3,375,491	-	-	(3,375,491)
Other support	9,779,215	-	296,583	(9,482,632)
Transportation	2,115,622	-	1,298,548	(817,074)
Administration	2,460,131	-	-	(2,460,131)
Interest expense	<u>1,219,934</u>	<u>-</u>	<u>-</u>	<u>(1,219,934)</u>
Total governmental activities	<u>\$ 60,130,476</u>	<u>\$ 237,335</u>	<u>\$ 20,623,050</u>	<u>(39,270,091)</u>
General revenues:				
Property taxes				38,144,935
Evidence based funding				2,921,623
Intergovernmental - unrestricted				148,916
Investment income				230,381
Other				<u>506,713</u>
Total general revenues				<u>41,952,568</u>
Change in net position				2,682,477
Net position at beginning of year, as restated				<u>10,006,552</u>
Net position at end of year				<u>\$ 12,689,029</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

SUMMIT HILL SCHOOL DISTRICT 161
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	ASSETS			Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Transportation	Debt Services		
Equity in pooled cash and investments	\$ 19,522,788	\$ 1,789,790	\$ 3,824,729	\$ 776,965	\$ 25,914,272
Receivables:					
Property taxes	16,934,967	228,323	3,450,215	577,404	21,190,909
Entitlements	330,420	324,149	-	-	654,569
Other	34,343	118,470	-	-	152,813
Total assets	<u>\$ 36,822,518</u>	<u>\$ 2,460,732</u>	<u>\$ 7,274,944</u>	<u>\$ 1,354,369</u>	<u>\$ 47,912,563</u>
	LIABILITIES			Total Nonmajor Governmental Funds	Total Governmental Funds
	General	Transportation	Debt Services		
Accounts payable	\$ 677,240	\$ 1,024	\$ -	\$ 38,272	\$ 716,536
Accrued salaries	<u>1,775,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,775,550</u>
Total liabilities	<u>2,452,790</u>	<u>1,024</u>	<u>-</u>	<u>38,272</u>	<u>2,492,086</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future period	<u>15,381,012</u>	<u>207,372</u>	<u>3,133,622</u>	<u>524,421</u>	<u>19,246,427</u>
FUND BALANCES					
Restricted	248,367	635,249	4,141,322	257,539	5,282,477
Assigned	1,014,640	1,617,087	-	534,137	3,165,864
Unassigned	<u>17,725,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,725,709</u>
Total fund balances	<u>18,988,716</u>	<u>2,252,336</u>	<u>4,141,322</u>	<u>791,676</u>	<u>26,174,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,822,518</u>	<u>\$ 2,460,732</u>	<u>\$ 7,274,944</u>	<u>\$ 1,354,369</u>	<u>\$ 47,912,563</u>

The accompanying notes are an integral part of the financial statements.

**SUMMIT HILL SCHOOL DISTRICT 161
RECONCILIATION OF FUND BALANCES - TOTAL GOVERNMENTAL
FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021**

Fund balances - total governmental funds	\$	26,174,050
--	----	------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		49,648,488
---	--	------------

Unamortized loss on refunding is shown as a deferred outflow of resources on the statement of net position.		693,159
---	--	---------

Long-term liabilities, including general obligation bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the funds. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Long-term liabilities and related accounts at year-end consist of the following:

Bonds payable		(36,125,000)
Unamortized issuance premium		(651,972)
Accrued interest payable		(94,009)

The total net pension liability is reported as a liability on the statement of net position.		(2,212,024)
--	--	-------------

The total other postemployment benefits liability is reported as a liability on the statement of net position.		(21,060,110)
--	--	--------------

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

Deferred outflows of resources related to pensions		1,861,116
Deferred inflows of resources related to pensions		(2,609,923)

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

Deferred outflows of resources related to other postemployment benefits		1,481,206
Deferred inflows of resources related to other postemployment benefits		<u>(4,415,952)</u>

Net position of governmental activities	\$	<u><u>12,689,029</u></u>
---	----	--------------------------

The accompanying notes are an integral part of the financial statements.

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Transportation</u>	<u>Debt Services</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local sources:					
Property taxes	\$ 30,231,886	\$ 696,482	\$ 6,248,605	\$ 967,962	\$ 38,144,935
Investment income	173,805	20,466	29,280	6,830	230,381
Other	<u>466,344</u>	<u>37,827</u>	-	<u>9,686</u>	<u>513,857</u>
Total local sources	<u>30,872,035</u>	<u>754,775</u>	<u>6,277,885</u>	<u>984,478</u>	<u>38,889,173</u>
State sources:					
Evidence based funding	2,921,623	-	-	-	2,921,623
Grants-in-aid	197,543	1,298,548	-	-	1,496,091
Intergovernmental	<u>148,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,916</u>
Total state sources	<u>3,268,082</u>	<u>1,298,548</u>	<u>-</u>	<u>-</u>	<u>4,566,630</u>
Federal sources:					
Grants-in-aid	<u>1,296,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,296,348</u>
On behalf revenues	<u>17,308,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,308,777</u>
Total revenues	<u>52,745,242</u>	<u>2,053,323</u>	<u>6,277,885</u>	<u>984,478</u>	<u>62,060,928</u>
Expenditures:					
Current:					
Instruction	38,388,503	-	-	466,213	38,854,716
Support services	13,287,181	69,191	-	379,506	13,735,878
Community services	12,285	-	-	-	12,285
Intergovernmental:					
Payments to other districts and government units	1,305,222	2,046,431	-	-	3,351,653
Debt service:					
Principal	-	-	4,965,000	-	4,965,000
Interest	-	-	991,595	-	991,595
Bond issuance costs	<u>-</u>	<u>-</u>	<u>125,189</u>	<u>-</u>	<u>125,189</u>
Total expenditures	<u>52,993,191</u>	<u>2,115,622</u>	<u>6,081,784</u>	<u>845,719</u>	<u>62,036,316</u> (continued)

The accompanying notes are an integral part of the financial statements.

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Transportation	Debt Services	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	(247,949)	(62,299)	196,101	138,759	24,612
Other financing sources (uses):					
Bonds issued	-	-	8,930,000	-	8,930,000
Premium on bonds issued	-	-	123,087	-	123,087
Payment to escrow agent	-	-	(9,053,309)	-	(9,053,309)
Total other financing sources (uses)	-	-	(222)	-	(222)
Net change in fund balances	(247,949)	(62,299)	195,879	138,759	24,390
Fund balances at beginning of year, as restated	19,236,665	2,314,635	3,945,443	652,917	26,149,660
Fund balances at end of year	\$ 18,988,716	\$ 2,252,336	\$ 4,141,322	\$ 791,676	\$ 26,174,050 (concluded)

The accompanying notes are an integral part of the financial statements.

**SUMMIT HILL SCHOOL DISTRICT 161
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS TO THE CHANGE IN
NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total governmental funds	\$	24,390
--	----	--------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,037,541) exceeded capitalized expenditures (\$320,598) in the current period.		(1,716,943)
---	--	-------------

The issuance of long-term debt (e.g., bonds, capital leases payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These transactions are summarized as follows:

Bonds issued		(8,930,000)
Premium bonds issued		(123,087)
Payment to escrow agent		9,053,309
Repayment of long-term debt principal		4,965,000
Amortization of unamortized loss on refunding		(184,931)
Amortization of issuance premium		175,790

Entitlement revenues in the statement of activities that do not provide current financial resources are included in deferred entitlement revenues as reported in the governmental funds. This is the amount by which deferred entitlement revenues that did not provide current financial resources at the end of the current fiscal year decreased from the corresponding amount at the end of the previous fiscal year.		(38,289)
---	--	----------

The changes in the District's pension liabilities and deferred outflows/inflows of resources related to pensions are only reported in the statement of activities.		177,093
--	--	---------

The changes in the District's other postemployment benefits liabilities and deferred outflows/inflows of resources related to other postemployment benefits are only reported in the statement of activities.		(625,846)
---	--	-----------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest at the end of the current fiscal year increased from the corresponding amount at the end of the previous fiscal year.		(94,009)
--	--	----------

Change in net position of governmental activities	\$	<u>2,682,477</u>
---	----	------------------

The accompanying notes are an integral part of the financial statements.

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 29,901,535	\$ 30,231,886	\$ 330,351
Investment income	197,000	173,805	(23,195)
Other	<u>924,000</u>	<u>466,344</u>	<u>(457,656)</u>
Total local sources	<u>31,022,535</u>	<u>30,872,035</u>	<u>(150,500)</u>
State sources:			
Evidence based funding	2,915,354	2,921,623	6,269
Grants-in-aid	178,000	197,543	19,543
Intergovernmental	<u>45,000</u>	<u>148,916</u>	<u>103,916</u>
Total state sources	<u>3,138,354</u>	<u>3,268,082</u>	<u>129,728</u>
Federal sources:			
Grants-in-aid	<u>1,159,240</u>	<u>1,296,348</u>	<u>137,108</u>
On behalf revenues	<u>-</u>	<u>17,308,777</u>	<u>17,308,777</u>
Total revenues	<u>35,320,129</u>	<u>52,745,242</u>	<u>17,425,113</u>
Expenditures:			
Instruction	21,303,950	38,388,503	(17,084,553)
Support services	13,058,350	13,287,181	(228,831)
Community services	20,501	12,285	8,216
Payments to other districts and government units	1,340,767	1,305,222	35,545
Provision for contingencies	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures	<u>35,798,568</u>	<u>52,993,191</u>	<u>(17,194,623)</u>
Net change in fund balances	(478,439)	(247,949)	230,490
Fund balances at beginning of year, as restated	<u>19,236,665</u>	<u>19,236,665</u>	<u>-</u>
Fund balances at end of year	<u>\$ 18,758,226</u>	<u>\$ 18,988,716</u>	<u>\$ 230,490</u>

The accompanying notes are an integral part of the financial statements.

SUMMIT HILL SCHOOL DISTRICT 161
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 990,275	\$ 696,482	\$ (293,793)
Investment income	20,000	20,466	466
Other	<u>100,000</u>	<u>37,827</u>	<u>(62,173)</u>
Total local sources	1,110,275	754,775	(355,500)
State sources:			
Grants-in-aid	<u>1,425,000</u>	<u>1,298,548</u>	<u>(126,452)</u>
Total revenues	<u>2,535,275</u>	<u>2,053,323</u>	<u>(481,952)</u>
Expenditures:			
Support services:			
Business	76,010	69,191	6,819
Payments to other districts and government units	<u>2,361,704</u>	<u>2,046,431</u>	<u>315,273</u>
Total expenditures	<u>2,437,714</u>	<u>2,115,622</u>	<u>322,092</u>
Net change in fund balances	97,561	(62,299)	(159,860)
Fund balances at beginning of year	<u>2,314,635</u>	<u>2,314,635</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,412,196</u>	<u>\$ 2,252,336</u>	<u>\$ (159,860)</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of 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 Summit School District 161 (District). Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District does not engage in any business-type or fiduciary activities.

B. Reporting Entity

The District is governed by the Board of Education and provides primary education, transportation, building maintenance and general administrative services.

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

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It is comprised of four subfunds: the Educational Fund, the Operations and Maintenance Fund, the Tort Fund, and Working Cash Fund. The Educational Fund accounts for the direct costs of instruction, health, lunch programs, and all costs of administration. The Operations and Maintenance Fund accounts for all costs of maintaining, improving or repairing school buildings and property. The Tort Fund accounts for insurance and liability costs. The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to the Educational Fund, the Operations and Maintenance Fund, and the Transportation Fund.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

The Transportation Fund, a special revenue fund, accounts for the transportation of pupils. Revenues include property taxes and state grants-in-aid.

The Debt Services Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. Revenues are primarily property taxes.

The District reports the following nonmajor governmental funds:

Municipal Retirement/Social Security Fund, a special revenue fund, accounts for the portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security system for non-certified employees.

The Capital Projects Fund accounts for financial resources earmarked or segregated for the acquisition and/or construction of capital assets, except those financed and accounted for in other funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as transfers in/out. While reported in fund financial statements, the transfers are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the related cash flows. Property taxes are recognized in accordance with the District's appropriation ordinance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (see preceding paragraph for discussion of the availability period). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (see preceding paragraph for discussion of the availability period). All other revenue items are considered to be measurable and available only when cash is received by the District.

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

F. Budgetary Information

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The budget appropriations lapse at the end of each fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The administration submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. Prior to the last Tuesday in December, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for governmental funds.
6. The Board of Education may amend the budget by the same procedures required of its original adoption. The budget was not amended during the year.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

The following fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2021:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major governmental fund:			
General Fund subfund:			
Educational Fund	<u>\$ 30,954,149</u>	<u>\$ 48,416,564</u>	<u>\$ (17,462,415)</u>

The overexpenditure in the Educational Fund was due to on behalf payments made by the state not being included in the budget.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

The Illinois statutes authorize the District to invest in U.S. government, state of Illinois and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal Housing Finance Administration; certain short-term obligations of U.S. corporations; the Illinois School District Liquid Asset Fund Plus (ISDLAF+); and The Illinois Funds.

ISDLAF+ is an investment trust formed pursuant to the Illinois Municipal Code and managed by a board of trustees elected from participating members. ISDLAF+ is not registered with the Securities and Exchange Commission as an investment company. Investments in ISDLAF+ are rated AAAM by Standard & Poor's and are valued at share price, which is the price for which the investment could be sold.

The Illinois Funds is an investment pool managed by the Illinois State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The state of Illinois provides regulatory oversight of The Illinois Funds. The Illinois Funds is not registered with the Securities and Exchange Commission as an investment company. The Illinois Funds operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. Investments in The Illinois Funds are rated AAAM by Standard & Poor's.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

2. *Entitlements Receivable*

Entitlements receivable consist of amounts due from other governments. The District considers its entitlements receivable to be fully collectible; accordingly, an allowance for uncollectible accounts has not been established. At June 30, 2021, entitlements receivable consisted of the following:

Drug Free Formula	\$ 13,505
Elementary and Secondary School	
Emergency Relief Grant	20,072
Free Lunch	2,406
IDEA Flowthrough	95,979
IDEA Pre-School Flowthrough	2,401
Medicaid	32,614
National School Lunch	13,929
State Special Education	38,154
Summer Food Service Program	47,027
Title I	58,803
Title II	5,530
Transportation	246,891
Transportation - Special Education	<u>77,258</u>
Total	<u>\$ 654,569</u>

3. *Prepaid Items*

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

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

4. *Capital Assets*

Capital assets, which include land, construction in progress, land improvements, buildings, and equipment, reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to the capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings	25 - 40
Equipment	5 - 15

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category in the government-wide financial statements. One item, unamortized loss on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are deferred outflows of resources related to pensions and deferred outflows of resources related to other postemployments benefits (see Notes II.H.1, 2, 3, 5, 6 and 7 for further discussion of deferred outflows of resources related to pensions and other postemployments benefits).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has three items that qualify for reporting in this category in the government-wide financial statements. One item is related to property taxes that are levied for a future period. The other items are deferred inflows of resources related to pensions and deferred inflows of resources related to other postemployments benefits (see Notes II.H.1, 2, 3, 5, 6 and 7 for further discussion of deferred inflows of resources related to pensions and other postemployments benefits). In the fund financial statements, property taxes that are levied for a future period are reported as deferred inflows of resources.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

6. *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, as well as gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

7. *Net Position Flow Assumption*

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

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

8. *Fund Balance Flow Assumptions*

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

9. *Fund Balance Policies*

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

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

H. Revenues and Expenses/Expenditures

1. Program Revenues

Amounts reported as program revenues include 1) charges to individuals or entities that purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last day in December. The lien date for the levy is January 1. The Board of Education approved the 2020 tax levy on December 20, 2020. The tax levy is divided into two billings: the first billing is mailed on or about February 1 of the following year and the second billing is mailed on or about July 1 of the following year.

The District receives significant distributions of tax receipts approximately one month after these due dates. Revenue is recognized on the current year's levy in conjunction with the amount budgeted by the Board for the current year with the unrecognized amount being recorded as a deferred inflow of resources.

3. Compensated Absences

It is the District's policy for noncertified personnel to earn vacation pay after completing one year of service. The vacation pay must be used within the next 12 months, or it converts to sick leave. Certified employees working less than 12 months do not earn vacation pay.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Full-time employees earn 15 sick days annually. Any unused portion is accumulated and carried forward. Upon termination or retirement, employees do not receive compensation for any unused sick leave; therefore, no liability is recorded at June 30, 2021.

I. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets, liabilities, and deferred outflows/inflows of resources; the disclosure of contingent assets and liabilities; and the reported revenues and expenses/expenditures. Significant estimates used in preparing the government-wide financial statements include the assumptions used to determine the net pension liabilities and the related deferred outflows/inflows of resources and the assumptions used to determine the other postemployment benefits liabilities and the related deferred outflows/inflows of resources. Actual results could differ from those estimates.

J. New Accounting Standard - Leases

In June 2017, the GASB issued Statement No. 87, *Leases*. The most significant change in the new leasing guidance is the requirement for a lessee to recognize a lease liability and an intangible right-to-use asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. Statement No. 87 is effective for fiscal years beginning after June 15, 2021. The District is currently evaluating the effect the adoption of Statement No. 87 is expected to have on its financial statements and related disclosures.

K. Subsequent Events

Management has evaluated subsequent events through December 14, 2021, which is the date the financial statements were available to be issued.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Equity in pooled cash and investments as of June 30, 2021 was comprised of the following:

Cash on hand	\$ 250
Deposits with financial institutions	3,742,416
ISDLAF+ money market accounts	21,312,693
The Illinois Funds	<u>858,913</u>
Total	<u><u>\$ 25,914,272</u></u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2021, all of the District's bank balances were collateralized or covered by federal depository insurance.

Investment Policies

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Custodial credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring all investments be secured by private insurance or collateral.

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,946,982	\$ -	\$ -	\$ 3,946,982
Construction in progress	<u>471,281</u>	<u>-</u>	<u>(471,281)</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,418,263</u>	<u>-</u>	<u>(471,281)</u>	<u>3,946,982</u>
Capital assets being depreciated:				
Land improvements	1,558,406	41,612	-	1,600,018
Buildings	84,780,759	86,800	259,201	85,126,760
Equipment	<u>1,641,290</u>	<u>192,186</u>	<u>212,080</u>	<u>2,045,556</u>
Total capital assets being depreciated	<u>87,980,455</u>	<u>320,598</u>	<u>471,281</u>	<u>88,772,334</u>
				(continued)

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Less accumulated depreciation for:				
Land improvements	1,357,858	8,865	-	1,366,723
Buildings	38,281,610	2,028,676	-	40,310,286
Equipment	1,393,819	-	-	1,393,819
Total accumulated depreciation	41,033,287	2,037,541	-	43,070,828
Total capital assets being depreciated, net	46,947,168	(1,716,943)	471,281	45,701,506
Governmental activities capital assets, net	<u>\$ 51,365,431</u>	<u>\$ (1,716,943)</u>	<u>\$ -</u>	<u>\$ 49,648,488</u> (concluded)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Instructional	\$ 1,339,778
Pupil support	120,948
Other support	542,489
Administration	<u>34,326</u>

Total depreciation expense - governmental activities \$ 2,037,541

C. Long-term Liabilities

Long-term debt as of June 30, 2021 is summarized as follows:

Issue December 13, 2013
General Obligation Refunding School Bonds, Series 2013

Fiscal Year Due	Principal	Interest	Total
2022	\$ 55,000	\$ 332,800	\$ 387,800
2023	3,745,000	331,150	4,076,150
2024	<u>5,470,000</u>	<u>218,800</u>	<u>5,688,800</u>
Total	<u>\$ 9,270,000</u>	<u>\$ 882,750</u>	<u>\$ 10,152,750</u>

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rates	3.00% - 4.00%
Paying agent	Amalgamated Bank of Chicago Chicago, Illinois
Total original issue	\$9,590,000

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Issue January 28, 2014
General Obligation Refunding School Bonds, Series 2014

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,155,000	\$ 154,950	\$ 3,309,950
2023	<u>2,010,000</u>	<u>60,300</u>	<u>2,070,300</u>
Total	<u>\$ 5,165,000</u>	<u>\$ 215,250</u>	<u>\$ 5,380,250</u>

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rates	2.00% - 3.00%
Paying agent	Amalgamated Bank of Chicago Chicago, Illinois
Total original issue	\$9,570,000

Issue October 16, 2014
General Obligation Refunding School Bonds, Series 2014C

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,990,000	\$ 382,800	\$ 2,372,800
2023	-	323,100	323,100
2024	-	323,100	323,100
2025	-	323,100	323,100
2026	6,645,000	323,100	6,968,100
2027	<u>4,125,000</u>	<u>123,750</u>	<u>4,248,750</u>
Total	<u>\$ 12,760,000</u>	<u>\$ 1,798,950</u>	<u>\$ 14,558,950</u>

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rates	2.00% - 3.00%
Paying agent	Amalgamated Bank of Chicago Chicago, Illinois
Total original issue	\$21,900,000

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Issue December 29, 2020
Taxable General Obligation Refunding School Bonds, Series 2020

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 170,000	\$ 89,796	\$ 259,796
2023	170,000	87,600	257,600
2024	1,140,000	85,900	1,225,900
2025	<u>7,450,000</u>	<u>74,500</u>	<u>7,524,500</u>
Total	<u>\$ 8,930,000</u>	<u>\$ 337,796</u>	<u>\$ 9,267,796</u>

Denomination	\$5,000
Bonds due each year	January 1st
Interest dates	January 1st and July 1st
Interest rates	2.00% - 3.00%
Paying agent	Amalgamated Bank of Chicago Chicago, Illinois
Total original issue	\$8,930,000

Total annual debt service requirements to maturity for all outstanding debt are as follows:

<u>Fiscal Year Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,370,000	\$ 960,346	6,330,346
2023	5,925,000	802,150	6,727,150
2024	6,610,000	627,800	7,237,800
2025	7,450,000	397,600	7,847,600
2026	6,645,000	323,100	6,968,100
2027	<u>4,125,000</u>	<u>123,750</u>	<u>4,248,750</u>
Total	<u>\$ 36,125,000</u>	<u>\$ 3,234,746</u>	<u>\$ 39,359,746</u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions / Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 40,835,000	\$ 8,930,000	\$ (13,640,000)	\$ 36,125,000	\$ 5,370,000
Unamortized issuance premium	804,640	123,087	(275,755)	651,972	-
Net pension liabilities:					
Teachers' Retirement System of the State of Illinois	797,418	17,206,832	(15,959,583)	2,044,667	-
Illinois Municipal Retirement Fund	940,704	137,039	(910,386)	167,357	-
Other postemployment benefits liabilities:					
Teacher Health Insurance Security Fund	21,028,700	806,392	(905,255)	20,929,837	-
Postretirement Health Plan	<u>177,910</u>	<u>7,014</u>	<u>(54,651)</u>	<u>130,273</u>	<u>-</u>
Total	<u>\$ 64,584,372</u>	<u>\$ 27,210,364</u>	<u>\$ (31,745,630)</u>	<u>\$ 60,049,106</u>	<u>\$ 5,370,000</u>

Fund balance of \$4,141,322 is available in the Debt Services Fund to service the above bonds payable. The net pension liability of the Teachers' Retirement System of the State of Illinois and the other postemployment benefits liabilities will be liquidated by the General Fund. The net pension liability of the Illinois Municipal Retirement Fund will be liquidated by the Municipal Retirement/Social Security Fund.

Current Refunding of Debt

The District issued \$8,930,000 of Taxable General Obligation Refunding School Bonds, Series 2020, with an interest rate of 1.00%. A portion of the proceeds was used for the current refunding of \$8,675,000 of outstanding General Obligation Refunding School Bonds, Series 2012, which had interest rates ranging from 2.00% to 3.00%. The net proceeds of \$9,053,309 (after payment of issuance costs of \$125,189, bond premium of \$123,087 and a District deposit of \$125,411), were deposited in an irrevocable trust with an escrow agent to provide for the current refunding of the Series 2012 General Obligation Refunding School Bonds. As a result, the liability for the Series 2012 General Obligation Refunding School Bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$624,524. This amount is included in the statement of net position as a deferred outflow of resources and amortized over the remaining life of the refunded bonds. The District's current refunding of the Series 2012 General Obligation Refunding School Bonds resulted in a decrease in total debt service payments over five years of \$521,672 and created an economic gain (difference between the present values of debt service payments of the new and old debt) of \$515,514.

Prior Year Defeased Debt

In prior years, the District defeased various bond issues by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, \$8,695,000 of defeased bonds remains outstanding.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Legal Debt Margin

The District's legal debt margin at June 30, 2021 is calculated as follows:

Assessed valuation - 2020 tax year	<u>\$ 930,963,055</u>
Statutory debt limitation (6.9% of assessed valuation)	\$ 64,236,451
Debt applicable to debt limitation	<u>36,776,972</u>
Legal debt margin	<u>\$ 27,459,479</u>

D. Fund Balances

Fund balances were comprised of the following as of June 30, 2021:

	General Fund	Transportation Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:					
Education	\$ 87,818	\$ -	\$ -	\$ -	\$ 87,818
Tort immunity	160,549	-	-	-	160,549
Transportation	-	635,249	-	-	635,249
Debt service	-	-	4,141,322	-	4,141,322
Retirement benefits	-	-	-	257,539	257,539
Total restricted	<u>248,367</u>	<u>635,249</u>	<u>4,141,322</u>	<u>257,539</u>	<u>5,282,477</u>
Assigned to:					
Amount used to eliminate subsequent year's budgeted deficit in the General Fund	1,014,640	-	-	-	1,014,640
Transportation	-	1,617,087	-	-	1,617,087
Retirement benefits	-	-	-	78,072	78,072
Capital projects	-	-	-	456,065	456,065
Total assigned	<u>1,014,640</u>	<u>1,617,087</u>	<u>-</u>	<u>534,137</u>	<u>3,165,864</u>
Unassigned	<u>17,725,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,725,709</u>
Total fund balances	<u>\$ 18,988,716</u>	<u>\$ 2,252,336</u>	<u>\$ 4,141,322</u>	<u>\$ 791,676</u>	<u>\$ 26,174,050</u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

E. Adoption of New Accounting Standard

Effective July 1, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with custodial funds. Under this guidance, all fiduciary funds will now report a net position and a statement of change in net position. Implementation of this standard resulted in reclassification of student activity funds from fiduciary activities (agency funds) to governmental activities. The prior period adjustments required by the implementation of GASB 84 are summarized below:

	June 30, 2020 as Previously Reported	GASB 84 Adjustment	June 30, 2020 as Restated
Government-wide financial statements:			
Statement of net position:			
Equity in pooled cash and investments	\$ 26,989,215	\$ 93,287	\$ 27,082,502
Net position	9,913,265	93,287	10,006,552
Fund financial statements:			
Governmental funds:			
Balance sheet:			
General Fund:			
Equity in pooled cash and investments	19,434,970	93,287	19,528,257
Fund balance	19,143,378	93,287	19,236,665
Fiduciary fund:			
Statement of fiduciary assets and liabilities:			
Student Activity Agency Fund:			
Equity in pooled cash and investments	93,287	(93,287)	-
Due to student activity fund organizations	93,287	(93,287)	-

F. Employee Retirement Systems and Plans

1. Teachers' Retirement System of the State of Illinois

a. General Information about the Pension Plan

Plan description. The District (employer) 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 nonannuitants 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.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Benefits provided. TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest consecutive years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

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

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

Contributions. The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% 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% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2021, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the pension expense associated with the employer, and the employer recognized revenue and expenditures of \$17,055,964 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers 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 \$118,251 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 employer pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$122,543 were paid from federal and special trust funds that required employer contributions of \$12,757. 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 employer paid \$17,583 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.

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

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

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Employer's proportionate share of the net pension liability	\$ 2,044,667
State's proportionate share of the net pension liability associated with the employer	<u>160,148,916</u>
Total	<u><u>\$ 162,193,583</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2020, the employer's proportion was 0.002372%, which was an increase of 0.001388% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the employer recognized pension expense of \$17,206,832 and revenue of \$17,055,964 for support provided by the state. At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 19,815	\$ 546
Net difference between projected and actual earnings on pension plan investments	61,051	-
Changes of assumptions	8,378	21,453
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,410,247</u>	<u>1,749,833</u>
Total deferred amounts to be recognized in pension expense in future periods	1,499,491	1,771,832
Pension contributions made subsequent to the measurement date	<u>131,007</u>	<u>-</u>
Total deferred amounts related to pensions	<u><u>\$ 1,630,498</u></u>	<u><u>\$ 1,771,832</u></u>

Pension contributions made subsequent to the measurement date of \$131,007 will be recognized as a reduction of the net pension liability in the reporting year ending 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 in reporting years ending June 30 as follows:

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

2022	\$	(237,047)
2023		(46,702)
2024		(111,028)
2025		37,073
2026		85,363

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	2.5%
Salary increases	varies by amount of service credit
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

In the June 30, 2020 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for 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	<u>4.0</u>	6.2
Total	<u>100.0 %</u>	

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Discount rate. At June 30, 2020, the discount rate used to measure the total pension liability was 7.0%, which was the same as the June 30, 2019 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate. The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Lower (6.0%)	Current Discount Rate (7.0%)	1% Higher (8.0%)
Employer's proportionate share of the net pension liability	\$ 2,481,853	\$ 2,044,667	\$ 1,684,736

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 Annual Comprehensive Financial Report.

2. Illinois Municipal Retirement Fund

Plan description. The District's (employer's) defined benefit pension plan for employees that are not in positions covered by the Teachers' Retirement System of the State of Illinois provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and their beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive 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.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Benefits provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan. 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). Employees of the District who are eligible to participate in the plan participate in the Regular Plan.

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

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

- 3% of the original pension amount, or
- One-half of the increase in the Consumer Price Index of the original pension amount.

Employees covered by benefit terms. As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	62
Inactive plan members entitled to but not yet receiving benefits	192
Active employees	<u>104</u>
Total	<u><u>358</u></u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Contributions. As set by statute, the employer's plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rates for calendar years 2020 and 2021 were 10.05% and 9.82%, respectively. For the fiscal year ended June 30, 2021, the employer contributed \$309,483 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

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

- The Actuarial Cost Method used was Entry-Age Normal.
- The Asset Valuation Method used was Fair Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.89% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation, pursuant to an experience study from years 2017 to 2019.
- Mortality - Nondisabled Retirees: 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.
- Mortality - Disabled Retirees: 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.
- Mortality - Active Members: Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2020:

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	37 %	5.00 %
International equity	18	6.00
Fixed income	28	1.30
Real estate	9	6.20
Alternative investments	7	2.85-6.95
Cash equivalents	<u>1</u>	0.70
Total	<u>100 %</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. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Changes in the net pension liability. Changes in the net pension liability for the year ended December 31, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 10,238,033	\$ 9,297,329	\$ 940,704
Changes for the year:			
Service cost	301,050	-	301,050
Interest on the total pension liability	736,247	-	736,247
Differences between expected and actual experience of the total pension liability	84,248	-	84,248
Changes of assumptions	(78,861)	-	(78,861)
Contributions - employer	-	300,990	(300,990)
Contributions - employees	-	137,080	(137,080)
Net investment income	-	1,338,727	(1,338,727)
Benefit payments, including refunds of employee contributions	(466,857)	(466,857)	-
Other changes	-	39,234	(39,234)
Net changes	575,827	1,349,174	(773,347)
Balances at December 31, 2020	\$ 10,813,860	\$ 10,646,503	\$ 167,357

Sensitivity of the net pension liability to changes in the discount Rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net pension liability (asset)	\$ 1,439,693	\$ 167,357	\$ (855,555)

Plan fiduciary net position. Detailed information about the plan's fiduciary net position is available in the separately issued IMRF *Annual Comprehensive Financial Report*.

Pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions. For the year ended June 30, 2021, the employer recognized pension expense of \$137,039. At June 30, 2021, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 74,597	\$ -
Changes of assumptions	-	48,161
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>789,930</u>
Total deferred amounts to be recognized in pension expense in future periods	74,597	838,091
Pension contributions made subsequent to the measurement date	<u>156,021</u>	<u>-</u>
Total deferred amounts related to pensions	<u>\$ 230,618</u>	<u>\$ 838,091</u>

Pension contributions made subsequent to the measurement date of \$156,021 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the reporting year ending 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 in years ending June 30 as follows:

2022	\$ (210,774)
2023	(102,639)
2024	(317,221)
2025	(132,860)

3. Summary of Pension Information

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense/expenditures, information about the fiduciary net position of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Pension-related deferred outflows of resources, liabilities, deferred inflows of resources, and pension expense/expenditures are summarized as follows:

	TRS	IMRF	Total
Deferred outflows of resources	\$ 1,630,498	\$ 230,618	\$ 1,861,116
Net pension liability	2,044,667	167,357	2,212,024
Deferred inflows of resources	1,771,832	838,091	2,609,923
Pension expense	17,206,832	137,039	17,343,871
Pension expenditures	17,186,972	309,483	17,496,455

4. 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 "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$536,236, the total required contribution for the current year.

5. Teacher Health Insurance Security Fund

Plan description. The District (employer) participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. THIS Fund members are retirees who were certified educators or administrators. Eligibility is currently limited to former full-time employees, and others who were not full-time employees that meet certain requirements, and their dependents.

The plan is administered through a trust by the Illinois Department of Central Management Services (CMS) with the cooperation of the Teachers' Retirement System of the State of Illinois (TRS).

Plan fiduciary net position. Detailed information about the THIS Fund's fiduciary net position is available in a publicly available financial report that includes financial statements and required supplementary information. That report 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 Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of TRS. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Contributions. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors to TRS, who are not employees of a department, make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% of each teacher's salary to the THIS Fund. CMS determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THIS Fund, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) requires that the Director of CMS determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

On behalf contributions to the THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2021. State of Illinois contributions were \$252,813, and the employer recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92% during the year ended June 30, 2021. For the year ended June 30, 2021, the employer paid \$187,571 to the THIS Fund, which was 100% of the required contribution.

OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. At June 30, 2021, the employer reported a liability for its proportionate share of the THIS Fund's net OPEB liability. The state's proportionate share is for disclosure purposes only. The amount recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net OPEB liability	\$ 20,929,837
State's proportionate share that is associated with the employer	<u>28,354,229</u>
Total	<u>\$ 49,284,066</u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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 employer's proportion of the net OPEB liability was based on the employer's share of contributions to the THIS Fund for the measurement year ended June 30, 2020, relative to the contributions of all participating employers and the state during that period. At June 30, 2020, the employer's proportion was 0.078284%, which was an increase of 0.002306% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the employer recognized OPEB expense of \$806,392.

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

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ -	\$ 556,084
Net difference between projected and actual earnings on OPEB plan investments	-	596
Changes of assumptions	7,087	3,452,351
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,249,966</u>	<u>278,937</u>
Total deferred amounts to be recognized in OPEB expense in future periods	1,257,053	4,287,968
OPEB contributions made subsequent to the measurement date	<u>187,571</u>	<u>-</u>
Total deferred amounts related to OPEB	<u>\$ 1,444,624</u>	<u>\$ 4,287,968</u>

OPEB contributions made subsequent to the measurement date of \$187,571 will be recognized as a reduction of the net OPEB liability in the reporting year ending 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 in reporting years ending June 30 as follows:

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

2022	\$	(612,074)
2023		(612,031)
2024		(611,943)
2025		(473,362)
2026		(264,551)
Thereafter		(456,954)

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

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Depends on service and ranges from 9.5% at one year of service to 4.0% at 20 or more years of service. Salary increases include a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend for fiscal year 2020 based on expected increases used to develop average costs. For fiscal years after 2020, trend 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 for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

Discount rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of a 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS Fund is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. Single Discount Rates were 2.45% as of June 30, 2020, and 3.13% as of June 30, 2019. The decrease in the Single Discount Rate from 3.13% to 2.45% caused the total OPEB liability to increase by approximately \$2.4 million from June 30, 2019 to June 30, 2020.

Sensitivity of the employer's proportionate share of the net OPEB liability to changes in the Single Discount Rate. The following presents the employer's proportionate share of the net OPEB liability calculated using a Single Discount Rate of 2.45%, as well as what the employer's proportionate share of the net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current rate.

	<u>1% Lower (1.45%)</u>	<u>Current Discount Rate (2.45%)</u>	<u>1% Higher (3.45%)</u>
Employer's proportionate share of the net OPEB liability	<u>\$ 25,154,826</u>	<u>\$ 20,929,837</u>	<u>\$ 17,582,770</u>

Sensitivity of the employer's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate. The following presents the employer's proportionate share of the net OPEB liability calculated using a healthcare cost trend rate that is 1% lower or higher than current healthcare cost trend rates.

	<u>1% Lower (Varies)</u>	<u>Current Healthcare Cost Trend Rate (Varies)</u>	<u>1% Higher (Varies)</u>
Employer's proportionate share of the net OPEB liability	<u>\$ 16,834,049</u>	<u>\$ 20,929,837</u>	<u>\$ 26,466,818</u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

6. *Postretirement Health Plan*

Plan description. The District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contributions and benefits provided. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union.

Medical and dental coverage. Certified teachers, administrators and IMRF employees and their spouses may continue dental coverage into retirement on the District's plans provided they pay the entire premium. Coverage ceases for the retiree upon attainment of age 65 by the retiree. Coverage ceases for the spouse upon the earlier of the retiree attaining age 65.

Life insurance. Certified teachers and administrators may continue their basic life insurance coverage through the District plan on retiree-pay-all basis. The basic life insurance is \$65,000 for certified teachers and final annual salary for administrators. Retirees pay the active rate in effect. Coverage ceases upon attainment of age 65.

IMRF employees. Employees may elect to continue \$50,000 basic life insurance coverage through the District plan on a retiree-pay-all basis. Retirees pay the active rate in effect. Coverage ceases upon attainment of age 65.

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>362</u>
Total	<u><u>366</u></u>

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Total OPEB liability. The District's total OPEB liability of \$130,273 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020, and adjusted to the measurement date, based on procedures that conform to generally accepted actuarial principles and practices.

Inflation	2.50%
Election at Retirement - IMRF employees	10.00%
Election at Retirement - life insurance coverage	75.00%
Discount Rate	2.18%
Healthcare Cost Trend Rate - PPO Plan - Initial	5.50%
Healthcare Cost Trend Rate - HMO Illinois Plan & Life Insurance - Initial	4.00%
Healthcare Cost Trend Rate - Ultimate	4.50%
Fiscal Year the Ultimate Rate is Reached	2037

The discount rate was based on S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2021. Mortality rates were based on the 2020 IMRF Actuarial Valuation Report.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the estimates of future events.

Changes in the total OPEB Liability. Changes in the total OPEB liability for the year ended June 30, 2021 were as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 177,910
Changes for the year:	
Service cost	11,556
Interest on the total OPEB liability	4,732
Differences between expected and actual experience	(49,233)
Changes of assumptions or other inputs	(14,692)
Net changes	<u>(47,637)</u>
Balance at June 30, 2021	<u><u>\$ 130,273</u></u>

The total OPEB liability is an unfunded obligation of the District.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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% lower (1.18%) or 1% higher (3.18%) than the current discount rate:

	<u>1% Decrease (1.18%)</u>	<u>Current Discount Rate (2.18%)</u>	<u>1% Increase (3.18%)</u>
Total OPEB liability	<u>\$ 137,047</u>	<u>\$ 130,273</u>	<u>\$ 123,812</u>

Sensitivity of the total OPEB liability to changes in the healthcare 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% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease (Varies)</u>	<u>Current Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Total OPEB liability	<u>\$ 120,310</u>	<u>\$ 130,273</u>	<u>\$ 141,659</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2021, the District recognized OPEB expense of \$7,014.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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
Differences between expected and actual experience	\$ 10,537	\$ 60,430
Changes of assumptions	<u>26,045</u>	<u>67,554</u>
Total	<u><u>\$ 36,582</u></u>	<u><u>\$ 127,984</u></u>

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

2022	\$ (9,275)
2023	(9,275)
2024	(9,275)
2025	(9,275)
2026	(9,275)
Thereafter	(45,027)

7. *Summary of OPEB Information*

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense/expenditures, information about the fiduciary net position of the Teacher Health Insurance Security (THIS) Fund and the Postretirement Health Plan (PHP) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

OPEB-related deferred outflows of resources, liabilities, deferred inflows of resources, and OPEB expense/expenditures are summarized as follows:

	<u>THIS</u>	<u>PHP</u>	<u>Total</u>
Deferred outflows of resources	\$ 1,444,624	\$ 36,582	\$ 1,481,206
OPEB liability	20,929,837	130,273	21,060,110
Deferred inflows of resources	4,287,968	127,984	4,415,952
OPEB expense	806,392	7,014	813,406
OPEB expenditures	440,384	-	440,384

G. Tort Immunity Expenditures

Tort immunity expenditures for the year ended June 30, 2021 included insurance premiums of \$263,333.

H. Jointly Governed Organization

The District is a member of LWASE, a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public services, and special financing relationships exercised by the joint agreement governing board, these are not included as component units of the District.

I. Concentration

Substantially all of the District's nonmanagement employees are covered by collective bargaining agreements. The agreement with Summit Hill Council, AFT local 604 is scheduled to expire in June, 2022. Custodial employees are not covered by this collective bargaining agreement.

J. Risk Management

The District 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. To protect from such risk, the District participates in the following public entity risk pools: the Educational Benefits Cooperative and the Collective Liability Insurance Cooperative. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past four fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**EMPLOYEE RETIREMENT AND POSTEMPLOYMENT
BENEFIT PLAN INFORMATION**

**SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

	<u>June 30, 2020*</u>	<u>June 30, 2019*</u>	<u>June 30, 2018*</u>	<u>June 30, 2017 *</u>	<u>June 30, 2016 *</u>	<u>June 30, 2015 *</u>
District's proportion of the net pension liability	0.002372 %	0.000983 %	0.004047 %	0.002610 %	0.004496 %	0.002900 %
District's proportionate share of the net pension liability	\$ 2,044,667	\$ 797,418	\$ 3,154,160	\$ 1,993,781	\$ 3,548,649	\$ 1,929,371
State's proportionate share of the net pension liability	<u>160,148,916</u>	<u>56,751,338</u>	<u>216,073,187</u>	<u>131,021,342</u>	<u>145,852,272</u>	<u>112,782,023</u>
Total net pension liability	<u>\$ 162,193,583</u>	<u>\$ 57,548,756</u>	<u>\$ 219,227,347</u>	<u>\$ 133,015,123</u>	<u>\$ 149,400,921</u>	<u>\$ 114,711,394</u>
District's covered payroll	\$ 19,804,511	\$ 18,509,203	\$ 18,147,007	\$ 17,594,433	\$ 18,140,676	\$ 17,135,768
District's proportionate share of the net pension liability as a percentage of its covered payroll	10.32 %	4.31 %	17.38 %	11.33 %	19.56 %	11.26 %
Plan fiduciary net position as a percentage of the total pension liability	37.80 %	39.60 %	40.00 %	39.30 %	36.40 %	41.50 %

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST SIX FISCAL YEARS**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Statutorily-required contribution	\$ 118,251	\$ 130,406	\$ 114,401	\$ 112,645	\$ 103,322	\$ 102,048
Contributions in relation to the statutorily-required contribution	<u>118,251</u>	<u>130,651</u>	<u>114,460</u>	<u>175,945</u>	<u>103,322</u>	<u>102,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (245)</u>	<u>\$ (59)</u>	<u>\$ (63,300)</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,388,158	\$ 19,804,511	\$ 18,509,203	\$ 18,147,007	\$ 17,594,433	\$ 18,140,676
Contributions as a percentage of covered payroll	0.58 %	0.66 %	0.62 %	0.97 %	0.59 %	0.56 %

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST SEVEN CALENDAR YEARS**

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 301,050	\$ 295,676	\$ 256,341	\$ 274,312	\$ 279,700	\$ 246,697	\$ 214,414
Interest on the total pension liability	736,247	692,087	638,328	599,900	575,979	521,117	456,897
Differences between expected and actual experience of the total pension liability	84,248	81,686	283,900	262,047	(244,361)	177,889	64,447
Changes of assumptions	(78,861)	-	267,698	(244,622)	(19,325)	19,053	311,372
Benefit payments, including refunds of employee contributions	(466,857)	(459,211)	(402,696)	(337,852)	(243,923)	(214,533)	(199,471)
Net change in total pension liability	575,827	610,238	1,043,571	553,785	348,070	750,223	847,659
Total pension liability at beginning of year	10,238,033	9,627,795	8,584,224	8,030,439	7,682,369	6,932,146	6,084,487
Total pension liability at end of year	<u>\$ 10,813,860</u>	<u>\$ 10,238,033</u>	<u>\$ 9,627,795</u>	<u>\$ 8,584,224</u>	<u>\$ 8,030,439</u>	<u>\$ 7,682,369</u>	<u>\$ 6,932,146</u>
Plan fiduciary net position:							
Contributions - employer	\$ 300,990	\$ 241,984	\$ 251,393	\$ 248,039	\$ 236,709	\$ 256,640	\$ 203,200
Contributions - employees	137,080	127,212	119,936	113,004	121,692	112,854	88,748
Net investment income (loss)	1,338,727	1,489,570	(449,021)	1,189,470	449,031	32,556	366,342
Benefit payments, including refunds of employee contributions	(466,857)	(459,211)	(402,696)	(337,852)	(243,923)	(214,533)	(199,471)
Other	39,234	43,222	160,469	(147,572)	30,782	(106,158)	15,545
Net change in plan fiduciary net position	1,349,174	1,442,777	(319,919)	1,065,089	594,291	81,359	474,364
Plan fiduciary net position at beginning of year	9,297,329	7,854,552	8,174,471	7,109,382	6,515,091	6,433,732	5,959,368
Plan fiduciary net position at end of year	<u>\$ 10,646,503</u>	<u>\$ 9,297,329</u>	<u>\$ 7,854,552</u>	<u>\$ 8,174,471</u>	<u>\$ 7,109,382</u>	<u>\$ 6,515,091</u>	<u>\$ 6,433,732</u>
Net pension liability at end of year	<u>\$ 167,357</u>	<u>\$ 940,704</u>	<u>\$ 1,773,243</u>	<u>\$ 409,753</u>	<u>\$ 921,057</u>	<u>\$ 1,167,278</u>	<u>\$ 498,414</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.45 %</u>	<u>90.81 %</u>	<u>81.58 %</u>	<u>95.23 %</u>	<u>88.53 %</u>	<u>84.81 %</u>	<u>92.81 %</u>
Covered payroll	<u>\$ 2,994,923</u>	<u>\$ 2,826,903</u>	<u>\$ 2,663,071</u>	<u>\$ 2,495,371</u>	<u>\$ 2,435,280</u>	<u>\$ 2,477,210</u>	<u>\$ 2,230,797</u>
Net pension liability as a percentage of covered payroll	<u>5.59 %</u>	<u>33.28 %</u>	<u>66.59 %</u>	<u>16.42 %</u>	<u>37.82 %</u>	<u>47.12 %</u>	<u>22.34 %</u>

Note to schedule:
The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 309,483	\$ 241,983	\$ 251,394	\$ 248,040	\$ 236,709	\$ 256,639	\$ 229,995
Actual contribution	309,483	241,984	251,393	248,039	236,709	256,640	203,200
Contribution deficiency (excess)	\$ -	\$ (1)	\$ 1	\$ 1	\$ -	\$ (1)	\$ 26,795
Covered payroll	\$ 2,995,077	\$ 2,826,903	\$ 2,663,071	\$ 2,495,371	\$ 2,435,280	\$ 2,477,210	\$ 2,230,797
Actual contribution as a percentage of covered payroll	10.33 %	8.56 %	9.44 %	9.94 %	9.72 %	10.36 %	9.11 %

Note to schedule:
The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED
IN THE CALCULATION OF THE 2020 CONTRIBUTION RATE ***

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

Methods and Assumptions Used to Determine the 2020 Contribution Rates.

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%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.25%

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
ILLINOIS MUNICIPAL RETIREMENT FUND

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 Healthy 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
Other information:	There were no benefit changes during the year.

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

**SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
TEACHER HEALTH INSURANCE SECURITY FUND**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY**

	<u>June 30, 2020*</u>	<u>June 30, 2019*</u>	<u>June 30, 2018*</u>	<u>June 30, 2017*</u>
District's proportion of the net OPEB liability	0.078284 %	0.075978 %	0.071711 %	0.077416 %
District's proportionate share of the net OPEB liability	\$ 20,929,837	\$ 21,028,700	\$ 19,982,722	\$ 20,089,008
State's proportionate share of the net OPEB liability associated with the District	<u>28,354,229</u>	<u>28,475,543</u>	<u>26,832,486</u>	<u>26,381,859</u>
Total net OPEB liability	<u>\$ 49,284,066</u>	<u>\$ 49,504,243</u>	<u>\$ 46,815,208</u>	<u>\$ 46,470,867</u>
District's covered payroll	<u>\$ 20,388,158</u>	<u>\$ 18,509,203</u>	<u>\$ 18,147,004</u>	<u>\$ 17,814,138</u>
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>102.66 %</u>	<u>113.61 %</u>	<u>110.12 %</u>	<u>112.77 %</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.70 %</u>	<u>0.25 %</u>	<u>(0.07)%</u>	<u>(0.02)%</u>

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

**SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST FOUR FISCAL YEARS**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Statutorily-required contribution	\$ 187,571	\$ 182,202	\$ 170,285	\$ 159,694
Contributions in relation to the statutorily-required contribution	<u>187,571</u>	<u>182,202</u>	<u>170,285</u>	<u>159,694</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 20,388,158</u>	<u>\$ 19,804,511</u>	<u>\$ 18,509,203</u>	<u>\$ 18,147,007</u>
Contributions as a percentage of covered payroll	<u>0.92 %</u>	<u>0.92 %</u>	<u>0.92 %</u>	<u>0.88 %</u>

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
REQUIRED SUPPLEMENTARY INFORMATION -
POSTRETIREMENT HEALTH PLAN**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

Fiscal year ended June 30	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 11,556	\$ 22,497	\$ 21,435	\$ 8,082
Interest	4,732	4,288	5,522	5,350
Differences between expected and actual experience	(49,233)	-	(21,126)	19,661
Changes of assumptions or other inputs	(14,692)	1,436	(4,171)	18,316
Benefit payments	-	(5,728)	(3,545)	(9,971)
Changes of benefit terms	<u>-</u>	<u>(386)</u>	<u>(29,384)</u>	<u>(26,403)</u>
Net change in total OPEB liability	(47,637)	22,107	(31,269)	15,035
Total OPEB liability at beginning of year	<u>177,910</u>	<u>155,803</u>	<u>187,072</u>	<u>172,037</u>
Total OPEB liability at end of year	<u>\$ 130,273</u>	<u>\$ 177,910</u>	<u>\$ 155,803</u>	<u>\$ 187,072</u>
District's covered-employee payroll	<u>\$ 19,050,810</u>	<u>\$ 19,472,563</u>	<u>\$ 19,472,563</u>	<u>\$ 18,589,502</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>0.68 %</u>	<u>0.91 %</u>	<u>0.80 %</u>	<u>1.01 %</u>

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related OPEB benefits.

The information in the schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

See independent auditor's report.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SUMMIT HILL SCHOOL DISTRICT 161
GENERAL FUND
COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS
JUNE 30, 2021

ASSETS	Operations and Maintenance		Totals
	Educational	Tort	
Equity in pooled cash and investments	\$ 10,479,031	\$ 1,491,672	\$ 148,986
Receivables:			
Property taxes	14,226,044	2,359,845	174,539
Entitlements	328,670	1,750	-
Other	6,483	27,860	-
Total assets	<u>\$ 25,040,228</u>	<u>\$ 3,881,127</u>	<u>\$ 323,525</u>
LIABILITIES	Operations and Maintenance		Totals
	Educational	Tort	
Accounts payable	\$ 296,137	\$ 376,651	\$ 4,452
Accrued salaries	1,765,848	9,702	-
Total liabilities	<u>2,061,985</u>	<u>386,353</u>	<u>4,452</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future period	<u>12,920,659</u>	<u>2,143,305</u>	<u>158,524</u>
FUND BALANCES			
Restricted	87,818	-	248,367
Assigned	1,014,640	-	1,014,640
Unassigned	<u>8,955,126</u>	<u>1,351,469</u>	<u>17,725,709</u>
Total fund balances	<u>10,057,584</u>	<u>1,351,469</u>	<u>18,988,716</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,040,228</u>	<u>\$ 3,881,127</u>	<u>\$ 36,822,518</u>

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Total</u>	<u>Working Cash</u>	<u>Totals</u>
Revenues:					
Local sources:					
Property taxes	\$ 25,358,560	\$ 4,236,285	\$ 306,472	\$ 330,569	\$ 30,231,886
Investment income	79,865	9,085	207	84,648	173,805
Other	390,993	75,351	-	-	466,344
Total local sources	25,829,418	4,320,721	306,679	415,217	30,872,035
State sources:					
Evidence based funding	2,921,623	-	-	-	2,921,623
Grants-in-aid	147,543	50,000	-	-	197,543
Intergovernmental	121,056	27,860	-	-	148,916
Total state sources	3,190,222	77,860	-	-	3,268,082
Federal sources:					
Grants-in-aid	1,294,598	1,750	-	-	1,296,348
On behalf revenues	17,308,777	-	-	-	17,308,777
Total revenues	47,623,015	4,400,331	306,679	415,217	52,745,242
Expenditures:					
Instruction	38,388,503	-	-	-	38,388,503
Support services:					
Pupils	3,141,745	-	-	-	3,141,745
Instructional staff	984,696	-	-	-	984,696
General administration	966,493	-	263,333	-	1,229,826
School administration	1,471,779	-	-	-	1,471,779
Business	729,141	4,145,507	-	-	4,874,648
Central	1,521,111	-	-	-	1,521,111
Other	-	63,376	-	-	63,376
Total support services	8,814,965	4,208,883	263,333	-	13,287,181
					(continued)

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Total	Working Cash	Totals
Community services	12,285	-	-	-	12,285
Payments to other districts and government units	1,200,811	104,411	-	-	1,305,222
Total expenditures	48,416,564	4,313,294	263,333	-	52,993,191
Net change in fund balances	(793,549)	87,037	43,346	415,217	(247,949)
Fund balances at beginning of year, as restated	10,851,133	1,264,432	117,203	7,003,897	19,236,665
Fund balances at end of year	<u>\$ 10,057,584</u>	<u>\$ 1,351,469</u>	<u>\$ 160,549</u>	<u>\$ 7,419,114</u>	<u>\$ 18,988,716</u> (concluded)

See independent auditor's report.

EDUCATIONAL FUND

SUMMIT HILL SCHOOL DISTRICT 161
EDUCATIONAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 25,049,096	\$ 25,358,560	\$ 309,464
Investment income	100,000	79,865	(20,135)
Other	<u>819,000</u>	<u>390,993</u>	<u>(428,007)</u>
Total local sources	<u>25,968,096</u>	<u>25,829,418</u>	<u>(138,678)</u>
State sources:			
Evidence based funding	2,915,354	2,921,623	6,269
Grants-in-aid	128,000	147,543	19,543
Intergovernmental	<u>45,000</u>	<u>121,056</u>	<u>76,056</u>
Total state sources	<u>3,088,354</u>	<u>3,190,222</u>	<u>101,868</u>
Federal sources:			
Grants-in-aid	<u>1,159,240</u>	<u>1,294,598</u>	<u>135,358</u>
On behalf revenues	<u>-</u>	<u>17,308,777</u>	<u>17,308,777</u>
Total revenues	<u>30,215,690</u>	<u>47,623,015</u>	<u>17,407,325</u>
Expenditures:			
Instruction	<u>21,303,950</u>	<u>38,388,503</u>	<u>(17,084,553)</u>
Support services:			
Pupils	2,882,259	3,141,745	(259,486)
Instructional staff	1,045,038	984,696	60,342
General administration	819,624	966,493	(146,869)
School administration	1,483,862	1,471,779	12,083
Business	576,617	729,141	(152,524)
Central	1,490,823	1,521,111	(30,288)
Other	<u>84,155</u>	<u>-</u>	<u>84,155</u>
Total support services	<u>8,382,378</u>	<u>8,814,965</u>	<u>(432,587)</u>
			(continued)

See independent auditor's report.

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Community services	<u>20,501</u>	<u>12,285</u>	<u>8,216</u>
Payments to other districts and government units	<u>1,247,320</u>	<u>1,200,811</u>	<u>46,509</u>
Total expenditures	<u>30,954,149</u>	<u>48,416,564</u>	<u>(17,462,415)</u>
Deficiency of revenues over expenditures	(738,459)	(793,549)	(55,090)
Fund balances at beginning of year, as restated	<u>10,851,133</u>	<u>10,851,133</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 10,112,674</u></u>	<u><u>\$ 10,057,584</u></u>	<u><u>\$ (55,090)</u></u> (concluded)

OPERATIONS AND MAINTENANCE FUND

**SUMMIT HILL SCHOOL DISTRICT 161
OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 4,208,439	\$ 4,236,285	\$ 27,846
Investment income	15,000	9,085	(5,915)
Other	<u>100,000</u>	<u>75,351</u>	<u>(24,649)</u>
Total local sources	<u>4,323,439</u>	<u>4,320,721</u>	<u>(2,718)</u>
State sources:			
Grants-in-aid	50,000	50,000	-
Intergovernmental	<u>-</u>	<u>27,860</u>	<u>27,860</u>
Total state sources	<u>50,000</u>	<u>77,860</u>	<u>27,860</u>
Federal sources:			
Grants-in-aid	<u>-</u>	<u>1,750</u>	<u>1,750</u>
Total revenues	<u>4,373,439</u>	<u>4,400,331</u>	<u>26,892</u>
Expenditures:			
Support services:			
Business	4,405,084	4,145,507	259,577
Other	-	63,376	(63,376)
Payments to other districts and government units	93,447	104,411	(10,964)
Provision for contingencies	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures	<u>4,573,531</u>	<u>4,313,294</u>	<u>260,237</u>
Net change in fund balances	(200,092)	87,037	287,129
Fund balances at beginning of year	<u>1,264,432</u>	<u>1,264,432</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,064,340</u>	<u>\$ 1,351,469</u>	<u>\$ 287,129</u>

See independent auditor's report.

TORT FUND

**SUMMIT HILL SCHOOL DISTRICT 161
TORT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 297,724	\$ 306,472	\$ 8,748
Investment income	2,000	207	(1,793)
Other	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenues	304,724	306,679	1,955
Expenditures:			
Support services:			
General administration	<u>270,888</u>	<u>263,333</u>	<u>7,555</u>
Net change in fund balances	33,836	43,346	9,510
Fund balances at beginning of year	<u>117,203</u>	<u>117,203</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 151,039</u></u>	<u><u>\$ 160,549</u></u>	<u><u>\$ 9,510</u></u>

See independent auditor's report.

WORKING CASH FUND

**SUMMIT HILL SCHOOL DISTRICT 161
WORKING CASH FUND
SCHEDULE OF REVENUES AND CHANGE IN
FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 346,276	\$ 330,569	\$ (15,707)
Investment income	<u>80,000</u>	<u>84,648</u>	<u>4,648</u>
Total revenues	426,276	415,217	(11,059)
Fund balances at beginning of year	<u>7,003,897</u>	<u>7,003,897</u>	<u>-</u>
Fund balances at end of year	<u>\$ 7,430,173</u>	<u>\$ 7,419,114</u>	<u>\$ (11,059)</u>

See independent auditor's report.

DEBT SERVICES FUND

SUMMIT HILL SCHOOL DISTRICT 161
DEBT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 6,271,737	\$ 6,248,605	\$ (23,132)
Investment income	<u>29,000</u>	<u>29,280</u>	<u>280</u>
Total revenues	<u>6,300,737</u>	<u>6,277,885</u>	<u>(22,852)</u>
Expenditures:			
Debt service:			
Principal	4,965,000	4,965,000	-
Interest	1,204,588	991,595	212,993
Bond issuance costs	<u>-</u>	<u>125,189</u>	<u>(125,189)</u>
Total expenditures	<u>6,169,588</u>	<u>6,081,784</u>	<u>87,804</u>
Excess of revenues over expenditures	<u>131,149</u>	<u>196,101</u>	<u>64,952</u>
Other financing sources (uses):			
Bonds issued	-	8,930,000	8,930,000
Premium on bonds issued	-	123,087	123,087
Payment to escrow agent	<u>-</u>	<u>(9,053,309)</u>	<u>(9,053,309)</u>
Total other financing sources (uses)	<u>-</u>	<u>(222)</u>	<u>(222)</u>
Net change in fund balances	131,149	195,879	64,730
Fund balances at beginning of year	<u>3,945,443</u>	<u>3,945,443</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,076,592</u>	<u>\$ 4,141,322</u>	<u>\$ 64,730</u>

See independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

SUMMIT HILL SCHOOL DISTRICT 161
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	
ASSETS			
Equity in pooled cash and investments	\$ 320,900	\$ 456,065	\$ 776,965
Property taxes receivable	<u>577,404</u>	<u>-</u>	<u>577,404</u>
Total assets	<u>\$ 898,304</u>	<u>\$ 456,065</u>	<u>\$ 1,354,369</u>
LIABILITIES			
Accounts payable	<u>\$ 38,272</u>	<u>\$ -</u>	<u>\$ 38,272</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future period	<u>524,421</u>	<u>-</u>	<u>524,421</u>
FUND BALANCES			
Restricted	257,539	-	257,539
Assigned	<u>78,072</u>	<u>456,065</u>	<u>534,137</u>
Total fund balances	<u>335,611</u>	<u>456,065</u>	<u>791,676</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 898,304</u>	<u>\$ 456,065</u>	<u>\$ 1,354,369</u>

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Retirement/ Social Security</u>	<u>Capital Projects</u>	
Revenues:			
Local sources:			
Property taxes	\$ 967,962	\$ -	\$ 967,962
Investment income	1,606	5,224	6,830
Other income	<u>-</u>	<u>9,686</u>	<u>9,686</u>
Total revenues	<u>969,568</u>	<u>14,910</u>	<u>984,478</u>
Expenditures:			
Instruction	466,213	-	466,213
Support services	<u>379,506</u>	<u>-</u>	<u>379,506</u>
Total expenditures	<u>845,719</u>	<u>-</u>	<u>845,719</u>
Net change in fund balances	123,849	14,910	138,759
Fund balances at beginning of year	<u>211,762</u>	<u>441,155</u>	<u>652,917</u>
Fund balances at end of year	<u><u>\$ 335,611</u></u>	<u><u>\$ 456,065</u></u>	<u><u>\$ 791,676</u></u>

See independent auditor's report.

SPECIAL REVENUE FUND

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

**SUMMIT HILL SCHOOL DISTRICT 161
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Property taxes	\$ 892,255	\$ 967,962	\$ 75,707
Investment income	<u>1,800</u>	<u>1,606</u>	<u>(194)</u>
Total revenues	<u>894,055</u>	<u>969,568</u>	<u>75,513</u>
Expenditures:			
Instruction	<u>477,510</u>	<u>466,213</u>	<u>11,297</u>
Support services:			
Pupils	78,118	79,996	(1,878)
Instructional staff	22,007	21,951	56
General administration	25,570	26,096	(526)
School administration	38,513	39,513	(1,000)
Business	137,051	128,273	8,778
Central	61,713	73,273	(11,560)
Other	<u>13,367</u>	<u>10,404</u>	<u>2,963</u>
Total support services	<u>376,339</u>	<u>379,506</u>	<u>(3,167)</u>
Total expenditures	<u>853,849</u>	<u>845,719</u>	<u>8,130</u>
Net change in fund balances	40,206	123,849	83,643
Fund balances at beginning of year	<u>211,762</u>	<u>211,762</u>	<u>-</u>
Fund balances at end of year	<u>\$ 251,968</u>	<u>\$ 335,611</u>	<u>\$ 83,643</u>

See independent auditor's report.

CAPITAL PROJECTS FUND

**SUMMIT HILL SCHOOL DISTRICT 161
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Local sources:			
Investment income	\$ 5,000	\$ 5,224	\$ 224
Other	<u>5,000</u>	<u>9,686</u>	<u>4,686</u>
Total revenues	10,000	14,910	4,910
Fund balances at beginning of year	<u>441,155</u>	<u>441,155</u>	<u>-</u>
Fund balances at end of year	<u>\$ 451,155</u>	<u>\$ 456,065</u>	<u>\$ 4,910</u>

See independent auditor's report.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2021

	Educational Fund:			Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Totals	
	Salaries									Actual	Budget
Instruction:											
Regular programs	\$ 12,052,378	\$ 1,526,519	\$ 76,794	\$ 604,171			\$ -	\$ -	-	\$ 14,259,862	\$ 14,051,905
Special education programs	3,536,207	623,131	17,377	45,906			-	-	-	4,222,621	4,202,960
Special education programs Pre-K	245,467	31,604	-	929			-	-	-	278,000	351,160
Educationally deprived/remedial programs	978,856	111,299	20,289	15,797			-	-	-	1,126,241	1,204,963
Interscholastic programs	399,947	20,724	1,842	14,423			-	2,096	-	439,032	606,235
Summer school programs	-	-	-	2,191			-	-	-	2,191	5,800
Bilingual programs	331,783	47,915	544	12,409			-	-	-	392,651	408,427
Truants' alternative and optional programs	-	-	-	-			-	359,128	-	359,128	472,500
On behalf expenditures	-	17,308,777	-	-			-	-	-	17,308,777	-
Total instruction	17,544,638	19,669,969	116,846	695,826			-	361,224	-	38,388,503	21,303,950
Support services:											
Pupils:											
Attendance and social work services	830,852	129,786	3,100	8,920			-	-	-	972,658	922,456
Guidance services	138,923	16,155	-	473			-	-	-	155,551	144,534
Health services	207,320	65,263	254,578	22,223			-	-	-	549,384	389,241
Psychological services	385,468	62,970	2,820	7,741			-	-	-	458,999	439,112
Speech pathology and audiology services	877,296	102,966	5,509	4,300			-	-	-	990,071	976,916
Other support services	-	-	-	15,082			-	-	-	15,082	10,000
Total pupils	2,439,859	377,140	266,007	58,739			-	-	-	3,141,745	2,882,259
Instructional staff:											
Improvement of instruction services	555,293	124,544	55,358	2,679			-	399	-	738,273	767,492
Educational media services	132,910	29,744	-	23,291			-	-	-	185,945	218,176
Assessment and testing	6,850	158	3,517	49,953			-	-	-	60,478	59,370
Total instructional staff	695,053	154,446	58,875	75,923			-	399	-	984,696	1,045,038
											60,342
											(continued)

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2021

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Actual	Totals Budget	Variance
General administration:										
Board of Education services	-	-	252,629	16,086	-	7,505	-	276,220	142,500	(133,720)
Executive administration services	313,242	59,554	1,361	2,903	-	2,045	-	379,105	371,546	(7,559)
Special area administrative services	273,712	37,057	-	-	-	399	-	311,168	305,578	(5,590)
Total general administration	586,954	96,611	253,990	18,989	-	9,949	-	966,493	819,624	(146,869)
School administration:										
Office of the principal services	1,185,511	278,495	67	4,166	-	3,540	-	1,471,779	1,483,862	12,083
Business:										
Direction of business services	141,119	22,344	-	-	-	-	-	163,463	159,246	(4,217)
Fiscal services	94,761	16,053	30,661	1,693	-	8,312	-	151,480	149,571	(1,909)
Operation and maintenance of plant services	-	-	4,800	-	-	-	-	4,800	4,800	-
Pupil transportation services	-	-	6,549	-	-	-	-	6,549	-	(6,549)
Food services	68,452	-	70,727	263,670	-	-	-	402,849	263,000	(139,849)
Total business	304,332	38,397	112,737	265,363	-	8,312	-	729,141	576,617	(152,524)
Central:										
Information services	-	-	14,622	-	-	-	-	14,622	22,000	7,378
Staff services	-	-	17,105	-	-	-	-	17,105	17,100	(5)
Data processing services	416,823	89,884	462,638	389,590	-	-	-	1,489,384	1,451,723	(37,661)
Total central	416,823	89,884	494,365	389,590	-	-	-	1,521,111	1,490,823	(30,288)
Other support services	-	-	-	-	-	-	-	-	84,155	84,155
Total support services	5,628,532	1,034,973	1,186,041	812,770	-	22,200	-	8,814,965	8,382,378	(432,587)
Community services	-	-	12,285	-	-	-	-	12,285	20,501	8,216
Payments to other districts and government units:										
Payments for special education programs	-	-	1,198,346	-	-	2,465	-	1,200,811	1,247,320	46,509
Total Educational Fund	\$ 23,173,170	\$ 20,704,942	\$ 2,513,518	\$ 1,508,596	\$ 130,449	\$ 385,889	\$ -	\$ 48,416,564	\$ 30,954,149	\$ (17,462,415)

See independent auditor's report.

(continued)

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2021

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Actual	Totals Budget	Variance
Operations and Maintenance Fund:										
Support services:										
Business:										
Operation and maintenance of plant services	\$ 382,515	\$ 108,118	\$ 2,267,996	\$ 1,079,516	\$ 307,362	-	-	\$ 4,145,507	\$ 4,405,084	\$ 259,577
Other support services	58,374	5,002	-	-	-	-	-	63,376	-	(63,376)
Total support services	440,889	113,120	2,267,996	1,079,516	307,362	-	-	4,208,883	4,405,084	196,201
Payments to other districts and government units:										
Payments for special education programs	-	-	-	-	-	104,411	-	104,411	93,447	(10,964)
Provision for contingencies	-	-	-	-	-	-	-	-	75,000	75,000
Total Operations and Maintenance Fund	440,889	113,120	2,267,996	1,079,516	307,362	104,411	-	4,313,294	4,573,531	260,237
Tort Immunity Fund:										
Support services:										
General administration:										
Board of Education services	-	-	263,333	-	-	-	-	263,333	270,888	7,555
Transportation Fund:										
Support services:										
Business:										
Pupil transportation services	\$ 56,168	\$ 13,023	\$ -	\$ -	-	-	-	69,191	\$ 76,010	\$ 6,819
Payments to other districts and government units:										
Payments for special education programs	-	-	2,046,431	-	-	-	-	2,046,431	2,361,704	315,273
Total Transportation Fund	56,168	13,023	2,046,431	-	-	-	-	2,115,622	2,437,714	322,092
										(continued)

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2021

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Actual	Budget	Variance
Debt Services Fund:										
Debt service:										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,965,000	\$ -	\$ 4,965,000	\$ 4,965,000	\$ -
Interest	-	-	-	-	-	991,595	-	991,595	1,204,588	212,993
Bond issuance costs	-	-	-	-	-	125,189	-	125,189	-	(125,189)
Total Debt Services Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,081,784	\$ -	\$ 6,081,784	\$ 6,169,588	\$ 87,804
Municipal Retirement/Social Security Fund:										
Instruction:										
Regular programs	\$ -	\$ 190,161	\$ -	\$ -	\$ -	\$ 190,161	\$ -	\$ 190,161	\$ 193,427	\$ 3,266
Special education programs	-	246,470	-	-	-	246,470	-	246,470	251,572	5,102
Special education programs - pre-K programs	-	3,552	-	-	-	3,552	-	3,552	4,463	911
Interscholastic programs	-	14,186	-	-	-	14,186	-	14,186	14,351	165
Summer school programs	-	6,567	-	-	-	6,567	-	6,567	8,500	1,933
Bilingual programs	-	-	-	-	-	-	-	-	75	75
Total instruction	-	5,277	-	-	-	5,277	-	5,277	5,122	(155)
Total instruction	-	466,213	-	-	-	466,213	-	466,213	477,510	11,297
Support services:										
Pupils:										
Attendance and social work services	-	12,053	-	-	-	12,053	-	12,053	11,521	(532)
Guidance services	-	2,000	-	-	-	2,000	-	2,000	1,922	(78)
Health services	-	35,960	-	-	-	35,960	-	35,960	35,435	(525)
Psychological services	-	17,265	-	-	-	17,265	-	17,265	16,912	(353)
Speech pathology and audiology services	-	12,718	-	-	-	12,718	-	12,718	12,328	(390)
Total pupils	-	79,996	-	-	-	79,996	-	79,996	78,118	(1,878)
Instructional staff:										
Improvement of instruction services	-	9,002	-	-	-	9,002	-	9,002	6,818	(2,184)
Educational media services	-	12,914	-	-	-	12,914	-	12,914	15,189	2,275
Assessment and testing	-	35	-	-	-	35	-	35	-	(35)
Total instructional staff	-	21,951	-	-	-	21,951	-	21,951	22,007	56
										(continued)

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2021

	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Objects	Non-Capitalized Equipment	Actual	Totals Budget	Variance
General administration:										
Executive administration services	-	22,128	-	-	-	-	-	22,128	21,667	(461)
Special area administrative services	-	3,968	-	-	-	-	-	3,968	3,903	(65)
Total general administration	-	26,096	-	-	-	-	-	26,096	25,570	(526)
School administration:										
Office of the principal services	-	39,513	-	-	-	-	-	39,513	38,513	(1,000)
Business:										
Direction of business support services	-	24,809	-	-	-	-	-	24,809	24,166	(643)
Fiscal services	-	16,114	-	-	-	-	-	16,114	16,558	444
Operation and maintenance of plant services	-	67,466	-	-	-	-	-	67,466	79,406	11,940
Pupil transportation services	-	14,648	-	-	-	-	-	14,648	11,221	(3,427)
Food services	-	5,236	-	-	-	-	-	5,236	5,700	464
Total business	-	128,273	-	-	-	-	-	128,273	137,051	8,778
Central:										
Data processing services	-	73,273	-	-	-	-	-	73,273	61,713	(11,560)
Other support services	-	10,404	-	-	-	-	-	10,404	13,367	2,963
Total support services	-	379,506	-	-	-	-	-	379,506	376,339	(3,167)
Total Municipal Retirement/ Social Security Fund	\$ -	\$ 845,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 845,719	\$ 853,849	\$ 8,130
Total expenditures	\$ 23,670,227	\$ 21,676,804	\$ 7,091,278	\$ 2,588,112	\$ 437,811	\$ 6,572,084	\$ -	\$ 62,036,316	\$ 45,259,719	\$ (16,776,597) (concluded)

See independent auditor's report.

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR-END FINANCIAL REPORT**

SUMMIT HILL SCHOOL DISTRICT 161
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR-END FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
478-00-0251	Medical Assistance Program	-	173,744	-	173,744
586-18-0407	National School Lunch Program	-	30,409	-	30,409
586-62-1588	Title IVA Student Support and Academic Enrichment	-	13,505	-	13,505
586-18-0410	Summer Food Service Program	-	221,613	-	221,613
586-18-0428	Title III Immigrant Education Programs - Lang Inst Prog- Limited End LIPLEP	-	9,696	-	9,696
586-62-0430	Title II - Teacher Quality	-	24,947	-	24,947
586-62-0414	Title I - Low Income	-	113,585	-	113,585
586-57-0420	Fed - Sp Ed - Pre-School Flow Through	-	20,711	-	20,711
586-64-0417	Fed - Sp Ed - IDEA - Flow Through		505,994		505,994
586-43-2427	Federal Programs - Emergency Relief		64,247		64,247
	Other grant programs and activities	-	66,889	4,538,770	4,605,659
	All other costs not allocated	-	-	54,346,366	54,346,366
Totals:		-	1,245,340	58,885,136	60,130,476

See independent auditor's report.

STATISTICAL SECTION

SUMMIT HILL SCHOOL DISTRICT 161
STATISTICAL SECTION
YEAR ENDED JUNE 30, 2021

This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. The section is divided into five sections as follows:

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

	<u>Page</u>
Net Position by Component	85 - 86
Changes in Net Position	87 - 88
Fund Balances of Governmental Funds	89 - 90
Changes in Fund Balances	91 - 92

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

	<u>Page</u>
Assessed Value and Estimated Actual Value of Taxable Property	93
Assessed Valuations, Rates, Extensions and Collections	94 - 95
Tax Rates of Direct and Overlapping Taxing Districts	96
Principal Property Taxpayers	97

Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

	<u>Page</u>
Outstanding Debt by Type	98
Ratios of General Bonded Debt Outstanding	99
Direct and Overlapping General Obligation Bonded Debt	100
Legal Debt Margin Information	101 - 102

Demographic and Economic Information - These schedules contain demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

	<u>Page</u>
Demographic and Economic Statistics	103 - 104
Principal Employers	105

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

	<u>Page</u>
Full-time Equivalent District Employees by Type	106 - 107
School Building Information	108 - 109
Teacher Base Salaries	110

SUMMIT HILL SCHOOL DISTRICT 161
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Net investment in capital assets	\$ 13,564,675	\$ 10,325,537	\$ 6,587,614	\$ 3,328,631	\$ 4,282,041	\$ 3,122,849	\$ 4,294,662	\$ 2,067,144	\$ 2,781,428	\$ 3,410,627
Restricted net position	5,188,468	6,034,254	6,519,271	6,850,209	5,581,484	6,234,356	6,076,525	7,231,200	7,316,019	5,693,556
Unrestricted net position (deficit)	<u>(6,064,114)</u>	<u>(6,353,239)</u>	<u>(5,592,631)</u>	<u>(6,083,078)</u>	<u>10,314,260</u>	<u>7,968,835</u>	<u>4,412,853</u>	<u>3,735,768</u>	<u>6,735,463</u>	<u>7,118,385</u>
Total governmental activities net position	<u>\$ 12,689,029</u>	<u>\$ 10,006,552</u>	<u>\$ 7,514,254</u>	<u>\$ 4,095,762</u>	<u>\$ 20,177,785</u>	<u>\$ 17,326,040</u>	<u>\$ 14,784,040</u>	<u>\$ 13,034,112</u>	<u>\$ 16,832,910</u>	<u>\$ 16,222,568</u>

Source: Annual financial statements 2012-2021.

Notes: Amounts reported for 2012-2014 have not been restated for the adoption of GASB 68.
Amounts reported for 2012-2017 have not been restated for the adoption of GASB 75.
Amounts reported for 2012-2019 have not been restated for the adoption of GASB 84.

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental activities:										
Instructional	\$ 41,180,083	\$ 32,255,006	\$ 45,799,843	\$ 37,125,135	\$ 34,877,064	\$ 30,023,049	\$ 28,765,398	\$ 29,144,210	\$ 26,746,970	\$ 27,815,914
Pupil support	3,375,491	14,175,663	12,743,331	11,262,989	2,467,432	2,461,824	2,395,929	2,033,714	1,895,106	1,782,323
Community services	-	13,986	13,250	11,186	-	-	-	-	-	-
Payments to other districts and government entities - excluding special education	-	1,738,000	1,824,596	1,957,576	-	-	-	-	-	-
Other support	9,779,215	-	-	-	7,973,119	7,262,609	7,385,208	6,581,171	6,053,812	6,686,063
Transportation	2,115,622	-	-	-	2,802,516	3,033,514	2,930,792	2,935,787	2,505,801	2,657,511
Administration	2,460,131	-	-	-	870,215	1,146,957	1,689,253	1,244,655	1,124,447	1,262,156
Interest expense	1,219,934	1,310,613	1,575,755	1,608,754	3,294,406	3,120,932	3,344,939	3,199,820	3,280,193	3,323,965
Total expenses	60,130,476	49,493,268	61,956,775	51,965,640	52,284,752	47,048,885	46,511,519	45,139,357	41,606,329	43,527,932
Program revenues:										
Governmental activities:										
Charges for services:										
Instruction	237,335	867,008	914,281	795,422	740,232	764,481	778,808	952,817	916,620	895,032
Support services	-	106,554	131,481	143,174	-	-	-	-	-	-
Operating grants and contributions	20,623,050	9,863,029	24,530,064	16,223,347	18,242,765	13,030,924	12,225,795	8,792,240	8,032,085	7,347,274
Total program revenues	20,860,385	10,836,591	25,575,826	17,161,943	18,982,997	13,795,405	13,004,603	9,745,057	8,948,705	8,242,306
Net (expense)/revenue:										
Total primary government net expense	(39,270,091)	(38,656,677)	(36,380,949)	(34,803,697)	(33,301,755)	(33,253,480)	(33,506,916)	(35,394,300)	(32,657,624)	(35,285,626)
General revenues and other changes in net position:										
Governmental activities										
Property taxes	38,144,935	37,428,190	36,374,703	35,397,490	34,057,314	33,910,074	33,632,720	32,140,856	31,279,594	30,462,899
Evidence based funding	2,921,623	2,921,794	2,817,722	2,725,718	1,501,528	1,445,838	1,405,727	1,428,809	1,405,740	1,518,268
Intergovernmental	148,916	-	-	-	-	-	-	-	-	-
Investment income	230,381	474,767	376,312	220,396	91,084	32,855	19,099	19,755	35,412	25,965
Other	506,713	197,742	230,704	224,990	503,574	406,713	199,298	628,871	547,220	552,376
Total primary government general revenues and other changes in net position	41,952,568	41,022,493	39,799,441	38,568,594	36,153,500	35,795,480	35,256,844	34,218,291	33,267,966	32,559,508
Change in net position:										
Total primary government	\$ 2,682,477	\$ 2,365,816	\$ 3,418,492	\$ 3,764,897	\$ 2,851,745	\$ 2,542,000	\$ 1,749,928	\$ (1,176,009)	\$ 610,342	\$ (2,726,118)

Source: Annual financial statements 2012-2021.

Notes: Amounts reported for 2012-2014 have not been restated for the adoption of GASB 68.
Amounts reported for 2012-2017 have not been restated for the adoption of GASB 75.
Amounts reported for 2012-2019 have not been restated for the adoption of GASB 84.

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Nonspendable					\$ 210,344	\$ -	\$ 235,390	\$ 94,331	\$ 95,127	\$ 94,119
Restricted	248,367	210,490	70,115	\$ 140,229	2,416,852	3,118,254	2,889,701	2,783,759	2,727,901	1,546,155
Assigned	1,014,640	-	107,519	121,375	172,808	80,282	38,659	35,721	29,178	703,305
Unassigned	17,725,709	17,578,729	18,172,721	16,709,292	15,031,089	13,895,481	12,367,020	12,407,549	13,261,371	12,823,958
Total General Fund	<u>\$ 18,988,716</u>	<u>\$ 17,972,233</u>	<u>\$ 18,350,355</u>	<u>\$ 16,970,896</u>	<u>\$ 17,831,093</u>	<u>\$ 17,094,017</u>	<u>\$ 15,530,770</u>	<u>\$ 15,321,360</u>	<u>\$ 16,113,577</u>	<u>\$ 15,167,537</u>
All other governmental funds:										
Nonspendable					\$ -	\$ -	\$ 1,021,794	\$ 1,183,231	\$ 1,302,425	\$ 1,266,119
Restricted	5,034,110	5,919,556	6,460,839	6,289,853	3,164,632	3,116,102	3,461,707	4,588,118	3,812,634	4,068,919
Assigned	2,151,224	2,257,871	1,896,468	1,540,209	2,428,859	2,309,154	1,006,227	1,135,436	1,108,103	1,122,786
Unassigned	-	-	-	-	(408,060)	(189,190)	(29,080)	(11,735)	(11,735)	(11,735)
Total all other governmental funds	<u>\$ 7,185,334</u>	<u>\$ 8,177,427</u>	<u>\$ 8,357,307</u>	<u>\$ 7,830,062</u>	<u>\$ 5,185,431</u>	<u>\$ 5,236,066</u>	<u>\$ 5,460,648</u>	<u>\$ 6,895,050</u>	<u>\$ 6,211,427</u>	<u>\$ 6,446,089</u>

Source: Annual financial statements 2012-2021.

Note: Amounts reported for 2012-2019 have not been restated for the adoption of GASB 84.

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Local sources:										
Property taxes	\$ 38,144,935	\$ 37,321,310	\$ 36,275,858	\$ 35,308,665	\$ 33,949,410	\$ 33,812,376	\$ 33,509,160	\$ 32,039,545	\$ 31,182,925	\$ 30,371,564
Investment income	230,381	474,767	376,312	220,396	91,084	32,855	19,099	19,755	35,412	25,965
Other income	513,857	1,278,184	1,375,311	1,252,411	1,351,710	1,268,892	1,101,666	1,701,173	1,483,574	1,426,654
Total local sources	38,889,173	39,074,261	38,027,481	36,781,472	35,392,204	35,114,123	34,629,925	33,760,473	32,701,911	31,824,183
State sources:										
Evidence based funding	2,921,623	13,372,807	13,131,956	17,262,604	1,501,528	1,445,838	1,405,727	1,428,809	1,405,740	1,518,268
Grants-in-aid	1,496,091	-	-	-	2,774,496	2,609,065	2,514,518	2,238,044	3,084,211	2,185,762
Intergovernmental	148,916	-	-	-	-	-	-	-	-	-
Total state sources	4,566,630	13,372,807	13,131,956	17,262,604	4,276,024	4,054,903	3,920,245	3,666,853	4,489,951	3,704,030
Federal sources:										
Grants-in-aid	1,296,348	1,042,853	1,125,140	1,216,349	945,169	693,544	991,808	799,221	853,226	862,182
On behalf revenues	17,308,777	-	-	-	-	-	-	-	-	-
Total revenues	62,060,928	53,489,921	52,284,577	55,260,425	40,613,397	40,162,570	39,541,978	38,226,547	38,045,088	36,390,395
Expenditures:										
Current:										
Instruction	38,854,716	30,366,181	27,956,050	32,564,821	19,325,880	19,723,134	19,542,882	18,116,920	16,804,450	17,403,833
Support services	13,735,878	13,094,070	11,579,150	10,231,256	9,724,521	12,429,580	12,403,995	11,786,363	10,564,350	11,379,237
Community services	12,285	13,986	13,250	11,186	15,012	-	-	2,650	2,597	10,501
Payments to other districts and government units	3,351,653	3,459,745	3,547,448	3,778,816	3,903,808	1,031,135	1,116,643	3,887,666	3,804,948	4,641,584
Capital outlay	-	1,211,735	1,342,762	1,037,699	1,188,147	232,913	823,117	436,739	318,051	308,640
Debt service:										
Principal	4,965,000	4,680,000	4,505,000	4,385,000	2,473,757	2,489,480	1,900,460	1,587,014	1,424,180	1,100,085
Interest	991,595	1,348,688	1,434,213	1,467,213	3,294,406	3,120,932	3,344,939	3,386,020	3,499,477	3,511,725
Bond issuance costs	125,189	-	-	-	1,425	1,544	272,630	620,956	145,510	-
Total expenditures	62,036,316	54,174,405	50,377,873	53,475,991	39,926,956	39,028,718	39,404,666	39,824,328	36,563,763	38,355,605
Excess (deficiency) of revenues over expenditures	24,612	(684,484)	1,906,704	1,784,434	686,441	1,133,852	137,312	(1,597,781)	1,481,325	(1,965,210)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	11,735	-	-
Transfers out	-	-	-	-	-	-	-	(11,735)	-	-
Bonds issued	8,930,000	-	-	-	-	-	22,265,000	19,160,000	9,605,000	-
Premium on bonds issued	123,087	-	-	-	-	-	686,971	800,478	259,901	-
Payment to escrow agent	(9,053,309)	-	-	-	-	-	(22,675,000)	(19,567,522)	(9,716,563)	-
Total other financing sources (uses)	(222)	-	-	-	-	-	276,971	392,956	148,338	-
Net change in fund balances	24,390	(684,484)	1,906,704	1,784,434	686,441	1,133,852	414,283	(1,204,825)	1,629,663	(1,965,210)
Debt service as a percentage of non-capital expenditures	9.6 %	11.4 %	12.0 %	11.2 %	14.7 %	14.4 %	14.3 %	14.2 %	14.0 %	12.1 %
Debt service as a percentage of total expenditures	9.6 %	11.1 %	11.8 %	10.9 %	14.4 %	14.4 %	13.3 %	12.5 %	13.5 %	12.0 %

Source: Annual financial statements 2012-2021.

Note: Amounts reported for 2012-2019 have not been restated for the adoption of GASB 84.

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN LEVY YEARS

Levy Year	Assessed Value				Total Assessed Value	Estimated Actual Value	Total Direct Rate
	Residential Property	Commercial Property	Industrial Property	Farm Property			
2020	\$ 690,047,534	\$ 156,644,535	\$ 82,773,410	\$ 1,497,576	\$ 930,963,055	\$ 2,792,889,165	\$ 4.1765
2019	671,482,449	157,539,166	81,148,843	1,430,502	911,600,960	2,734,802,880	4.1544
2018	655,637,915	154,961,049	80,288,890	1,372,894	892,260,748	2,676,782,244	4.1247
2017	636,665,639	156,114,258	77,829,002	1,318,569	871,927,468	2,615,782,404	4.1024
2016	610,190,380	157,355,457	78,973,349	1,253,529	847,772,715	2,543,318,145	4.1149
2015	585,087,354	160,640,121	79,637,041	1,104,416	826,468,932	2,479,406,796	4.1590
2014	576,819,179	164,588,530	81,190,137	1,097,250	823,695,096	2,471,085,288	4.1112
2013	589,221,797	164,218,541	81,772,951	1,072,785	836,286,074	2,508,858,222	3.9036
2012	626,131,394	160,644,502	83,948,893	1,106,572	871,831,361	2,615,494,083	3.6596
2011	662,308,832	158,209,167	86,906,413	1,153,142	908,577,554	2,725,732,662	3.3782

Note: Property tax in the District is reassessed each year. Property is assessed at 33.33% of actual value.

(1) Tax rates are per \$100 of assessed value.

Source: Office of the Cook County Assessor

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
LAST TEN LEVY YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed valuation	\$ 930,963,055	\$ 911,600,960	\$ 892,260,748	\$ 871,927,468	\$ 847,772,715	\$ 826,468,932	\$ 823,695,096	\$ 836,286,074	\$ 871,831,361	\$ 908,577,544
Tax rates per \$100:										
Educational	2.8038	2.7344	2.7323	2.7561	2.8010	2.8153	2.7753	2.6209	2.4650	2.2824
Operations and maintenance	0.4651	0.4594	0.3998	0.3624	0.3474	0.3598	0.3572	0.3560	0.3376	0.3126
Bond and interest	0.6800	0.6848	0.6834	0.6828	0.6923	0.7004	0.6992	0.6210	0.5771	0.5242
Transportation	0.0450	0.1081	0.1545	0.1540	0.1561	0.1617	0.1631	0.1861	0.1426	0.1320
FICA/Medicare	0.1138	0.0974	0.0884	0.0860	0.0570	0.0390	0.0512	0.0701	0.0826	0.0764
Working cash	0.0344	0.0378	0.0359	0.0356	0.0357	0.0488	0.0492	0.0243	0.0216	0.0200
Tort immunity	0.0344	0.0325	0.0304	0.0255	0.0254	0.0340	0.0160	0.0252	0.0331	0.0306
Total	4.1765	4.1544	4.1247	4.1024	4.1149	4.1590	4.1112	3.9036	3.6596	3.3782
Tax extensions:										
Educational	\$ 26,102,342	\$ 24,926,817	\$ 24,379,241	\$ 24,031,193	\$ 23,746,114	\$ 23,267,580	\$ 22,860,010	\$ 21,918,222	\$ 21,490,643	\$ 20,737,374
Operations and maintenance	4,329,909	4,187,895	3,567,258	3,159,865	2,945,162	2,973,635	2,942,239	2,977,178	2,943,303	2,840,213
Bond and interest	6,330,549	6,242,643	6,097,710	5,953,521	5,869,131	5,788,588	5,759,276	5,193,337	5,031,339	4,762,764
Transportation	418,933	985,441	1,378,543	1,342,768	1,323,373	1,336,400	1,343,447	1,556,328	1,243,232	1,199,322
FICA/Medicare	1,059,436	887,899	788,758	749,857	483,231	322,323	421,732	586,237	720,133	694,153
Working cash	320,251	344,585	320,322	310,406	302,655	403,317	405,258	203,218	188,316	181,716
Tort immunity	320,251	296,270	271,247	222,341	215,334	280,999	131,791	210,744	288,576	278,025
Total	\$ 38,881,671	\$ 37,871,550	\$ 36,803,079	\$ 35,769,951	\$ 34,885,000	\$ 34,372,842	\$ 33,863,753	\$ 32,645,264	\$ 31,905,542	\$ 30,693,567
Collections:										
Current	\$ 17,301,942	\$ 18,935,775	\$ 18,401,539	\$ 17,884,975	\$ 17,060,222	\$ 17,227,218	\$ 17,018,894	\$ 16,246,064	\$ 15,893,036	\$ 13,902,815
Subsequent	-	18,702,568	18,385,535	17,433,869	17,423,686	16,687,607	16,609,573	16,194,677	15,776,644	16,599,266
Total	\$ 17,301,942	\$ 37,638,343	\$ 36,787,074	\$ 35,318,844	\$ 34,483,908	\$ 33,914,825	\$ 33,628,467	\$ 32,440,741	\$ 31,669,680	\$ 30,502,081
Percentage collected:										
Current	44.50 %	50.00 %	50.00 %	50.00 %	48.90 %	50.12 %	50.26 %	49.77 %	49.81 %	45.30 %
Subsequent	0.00	49.38	49.96	48.74	49.95	48.55	49.05	49.61	49.45	54.08
Total	44.50 %	99.38 %	99.96 %	98.74 %	98.85 %	98.67 %	99.31 %	99.38 %	99.26 %	99.38 %

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
TAX RATES OF DIRECT AND OVERLAPPING TAXING DISTRICTS
LAST TEN LEVY YEARS

TAXING DISTRICTS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Overlapping Governments (2):										
Will County	0.5788	0.5842	0.5927	0.5986	0.6147	0.6358	0.6433	0.6438	0.5908	0.5551
Will County Forest Preserve	0.1443	0.1462	0.1504	0.1895	0.1944	0.1937	0.1977	0.1970	0.1859	0.1693
Frankfort Township & Road	0.1988	0.2841	0.1987	0.2963	0.3040	0.3153	0.3220	0.2155	0.3042	0.2852
Frankfort Park District	0.2278	0.2284	0.2274	0.2263	0.2268	0.2302	0.2286	0.2215	0.2089	0.1959
Frankfort Square Park District	0.6383	0.6396	0.6274	0.6382	0.6433	0.6699	0.6557	0.6265	0.5846	0.5382
Mokena Park District	0.3139	0.3154	0.3160	0.3175	0.3208	0.3255	0.3240	0.3184	0.3030	0.2830
Tinley Park District	0.4199	0.4455	0.4259	0.5100	0.5605	0.5059	0.5273	0.4828	0.4584	0.3617
Frankfort Fire Protection District	0.8223	0.8155	0.8108	0.8084	0.8078	0.8224	0.8157	0.7840	0.7272	0.6667
Mokena Fire Protection District	1.0269	1.0235	1.0126	1.0095	1.0093	1.0245	1.0097	0.9684	0.9107	0.8442
Frankfort Public Library District	0.2041	0.2044	0.2035	0.2025	0.2033	0.2067	0.2051	0.1988	0.1843	0.1827
Mokena Public Library District	0.3371	0.3356	0.3335	0.3327	0.3338	0.3392	0.3169	0.3229	0.3709	0.3424
Village of Frankfort	0.4199	0.3384	0.3385	0.3386	0.3387	0.3388	0.3389	0.3390	0.3391	0.3392
Village of Mokena	0.3194	0.2427	0.2457	0.2496	0.2532	0.2597	0.2597	0.2498	0.2342	0.2155
Village of Orland Park and Library	0.9396	0.9205	0.8328	0.9444	1.0703	0.9725	1.0365	0.9489	0.9493	0.7125
Village of Tinley Park and Library	1.8864	1.8687	1.6870	1.7997	2.0041	1.8557	1.9537	1.8257	1.7444	1.3597
Lincoln-Way High School District 210	2.1911	2.1550	2.1292	2.1207	2.1189	2.1594	2.1394	2.0650	1.9190	1.8306
Community College District 525	0.2891	0.2938	0.2924	0.2994	0.3099	0.3065	0.3085	0.2955	0.2768	0.2463
Total overlapping governments	10.9577	10.8415	10.4245	10.8819	11.3138	11.1617	11.2827	10.7035	10.2917	9.1282
Summit Hills School District No. 161	4.1765	4.1544	4.1247	4.1024	4.1149	4.1590	4.1112	3.9036	3.6596	3.3782
Totals (1)	15.1342	14.9959	14.5492	14.9843	15.4287	15.3207	15.3939	14.6071	13.9513	12.5064

Source: Cook County Clerk's Office

(1) Tax rates are expressed in dollars per \$100 of equalized assessed valuation.

(2) It should be noted that the boundaries of some of the overlapping governments listed only partially overlap the District an, therefore, the totals shown above overstate the tax rates for individual taxpayers within the District.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
DT Brookside LLC	\$ 11,868,858	1	1.27 %	\$		%
Tinley Park Portfolio Invst	8,075,224	2	0.87			
Panterra Development LLC	7,188,271	3	0.77			
VIP Tinley Park/VIP Mdg/VIP Mokena	4,722,698	4	0.51			
Target Corp T - 2035	3,466,320	5	0.37	4,960,479	2	0.53
S.S. Lee	3,350,688	6	0.36	3,188,512	3	0.34
Speedway LLC	3,301,539	7	0.35			
Blackhawk Properties LLC	2,917,369	8	0.31			
Jones, Robert	2,882,070	9	0.31	2,882,070	5	0.31
Savi Properties LLC	2,851,155	10	0.31			
Southwest Naper Ltd Partnership				6,401,268	1	0.69
Darvin Properties LLC				3,081,285	4	0.33
FR/CAL Hickory Creek LLC				2,835,636	6	0.30
Mokena Professional Center LLC				2,630,037	7	0.28
Formax				2,426,777	8	0.26
Comcast ABB Management Corp				2,316,920	9	0.25
Kohls				2,305,365	10	0.25
Total	<u>\$ 50,624,192</u>		<u>5.43 %</u>	<u>\$ 33,028,349</u>		<u>3.54 %</u>

Source: Cook County Clerk's and Assessor's Office

(1) The figures above are totals of parcels with equalized assessed valuations of \$100,000 and over as recorded in the County Assessor's office. They were compiled from a meticulous page by page search of such records. It is possible, however, that certain parcels may have been overlooked.

(2) 2020 Equalized Assessed Valuation of the District is \$930,963,055.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Unamortized Issuance Premium	Installment Contract	Capital Appreciation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2021	\$ 36,125,000	\$ 651,972	\$ -	\$ -	\$ 36,776,972	4.65 %	\$ 1,812
2020	40,835,000	804,640	-	-	41,639,640	6.28	2,329
2019	45,515,000	971,976	-	-	46,486,976	7.15	2,329
2018	46,590,000	1,139,312	-	-	50,979,695	8.08	2,595
2017	47,820,000	1,306,648	-	-	51,443,123	8.40	2,655
2016	49,185,000	1,473,984	-	-	54,084,216	9.09	2,831
2015	50,600,000	1,642,412	-	-	56,742,124	9.83	3,010
2014	51,765,000	1,782,317	156,958	5,543,214	59,247,489	10.42	3,181
2013	51,495,000	2,564,069	306,657	6,555,529	60,921,255	11.49	3,329
2012	50,885,000	2,691,355	449,432	7,536,934	61,562,721	11.72	3,430

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

(1) Personal income and population data can be found in the Schedule of Demographic and Economic Statistics.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General and Capital Appreciation Bonds</u>	<u>Less: Amount Available in Debt Services Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2021	\$ 36,776,972	\$ 4,141,322	\$ 32,635,650	1.17 %	\$ 1,608
2020	41,639,640	3,945,443	37,694,197	1.38	1,889
2019	46,486,976	3,740,715	42,746,261	1.60	2,142
2018	50,979,695	3,616,272	47,363,423	1.81	2,411
2017	51,443,123	3,532,383	47,910,740	1.88	2,473
2016	54,084,216	3,572,101	50,512,115	2.04	2,644
2015	56,742,124	3,455,668	53,286,456	2.16	2,827
2014	59,090,531	3,009,823	56,080,708	2.24	3,011
2013	60,614,598	3,990,412	56,624,186	2.16	3,094
2012	61,113,289	3,862,114	57,251,175	2.10	3,190

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

- (1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
YEAR ENDED JUNE 30, 2021**

	2020 Equalized Assessed Valuation	Outstanding Bonds	Applicable to District	
			Percent	Amount
Overlapping agencies:				
Will County	\$23,097,453,346	\$ -	4.031 % (1) (3)	-
Will County Forest Preserve	23,097,453,346	73,005,000	4.031	2,942,832
Municipalities:				
Village of Mokena	851,734,866	-	19.119 (3)	-
Village of Orland Park	2,545,333,971	80,680,000	-	807
Village of Tinley Park	1,640,784,226	10,355,000	22.328	2,312,064
Park Districts:				
Frankfort	830,474,050	1,715,000	3.480	59,682
Frankfort Square	590,704,233	1,559,209	89.133 (2) (3)	1,389,770
Mokena Community	1,087,525,973	5,133,000	22.072	1,132,956
Tinley Park	1,487,420,919	1,030,900	8.083	83,328
Schools:				
Lincoln-Way HSD #210	4,243,493,821	216,140,365	21.939 (2)	47,419,035
Joliet Community College #525	22,797,857,792	55,305,000	4.084 (3)	<u>2,258,656</u>
Total overlapping debt				57,599,130
Direct debt:				
District	930,963,055	36,776,972	100.000	<u>36,776,972</u>
Total direct and overlapping debt				<u><u>\$ 94,376,102</u></u>

(1) Excludes debt certificates.

(2) Includes outstanding general obligation bonds and original principal amounts of outstanding capital appreciation bonds.

(3) Excludes principal amounts of outstanding general obligation alternate revenue source bonds which are expected to be paid from sources other than general taxation.

Sources: Office of the County Clerk

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	<u>\$ 930,963,055</u>
Debt limit (6.9% of assessed value)	64,236,451
Debt applicable to limit	<u>36,776,972</u>
Legal debt margin	<u>\$ 27,459,479</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>57.2525 %</u>

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 64,236,451	\$ 62,900,466	\$ 61,565,992	\$ 60,162,995	\$ 58,496,317	\$ 57,026,356	\$ 56,834,962	\$ 57,703,739	\$ 60,156,364	\$ 62,691,851
Total net debt applicable to limit	<u>36,776,972</u>	<u>40,835,000</u>	<u>45,515,000</u>	<u>49,660,767</u>	<u>51,443,123</u>	<u>52,610,232</u>	<u>55,099,712</u>	<u>57,465,172</u>	<u>58,357,186</u>	<u>58,871,366</u>
Legal debt margin	<u>\$ 27,459,479</u>	<u>\$ 22,065,466</u>	<u>\$ 54,191,739</u>	<u>\$ 10,502,228</u>	<u>\$ 7,053,194</u>	<u>\$ 4,416,124</u>	<u>\$ 1,735,250</u>	<u>\$ 238,567</u>	<u>\$ 1,799,178</u>	<u>\$ 3,820,485</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>57.2525 %</u>	<u>64.9700 %</u>	<u>73.9288 %</u>	<u>82.5437 %</u>	<u>87.9425 %</u>	<u>92.2560 %</u>	<u>96.9469 %</u>	<u>99.5866 %</u>	<u>97.0092 %</u>	<u>93.9059 %</u>

Source: Annual financial statements 2012-2021

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percent Change	Expenses	Cost per Pupil	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2021	20,296	\$ 790,366,832	\$ 38,942	8.20 %	2,579	\$ 38,645,755	\$ 14,985	(13.56)%	\$ 60,130,476	\$ 23,315	27.55 %	249	10.36	N/A
2020	19,957	662,823,329	33,213	10.90	2,695	46,720,598	17,336	8.77	49,262,324	18,279	(20.22)	258	10.00	N/A
2019	19,957	649,826,793	32,561	3.70	2,704	43,095,898	15,935	(3.69)	61,956,775	22,913	24.12	241	11.22	N/A
2018	19,644	630,899,799	32,117	3.40	2,815	46,586,079	16,549	1.79	51,965,640	18,460	3.13	239	11.78	4.82
2017	19,373	612,524,077	31,617	4.40	2,921	47,492,321	16,259	15.15	52,284,752	17,900	14.82	239	12.22	4.82
2016	19,101	594,683,570	31,134	6.40	3,018	42,612,164	14,119	5.70	47,048,885	15,589	1.33	230	13.12	1.75
2015	18,850	577,362,689	30,629	6.10	3,128	41,782,989	13,358	6.79	48,124,195	15,385	6.74	248	12.61	3.27
2014	18,628	563,280,672	30,238	7.80	3,166	39,601,344	12,508	14.39	45,632,073	14,413	13.89	241	13.14	3.41
2013	18,302	530,001,792	28,959	9.70	3,289	35,964,660	10,935	(3.34)	41,622,931	12,655	(2.89)	243	13.53	7.21
2012	17,949	525,419,136	29,273	9.00	3,344	37,828,024	11,312	11.76	43,579,221	13,032	10.11	249	13.43	5.72

Sources:

U.S. Census Bureau and Department of Labor Statistics and non-financial information from District records.

Notes:

Operating expenditures are total expenditures, less debt service, capital outlay and on behalf expenditures.
 Unemployment rate available only for Will County. Figures are not compiled for the individual municipalities that are located within District Boundaries.

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Retail trade	1,468	1	N/A %	N/A	N/A	N/A %
Accommodation and food services	1,041	2	N/A	N/A	N/A	N/A
Construction	912	3	N/A	N/A	N/A	N/A
Administrative and waste management services	807	4	N/A	N/A	N/A	N/A
Healthcare and social assistance	807	5	N/A	N/A	N/A	N/A
Manufacturing	805	6	N/A	N/A	N/A	N/A
Other services	433	7	N/A	N/A	N/A	N/A
Professional, scientific, and technical services	346	8	N/A	N/A	N/A	N/A
Finance and insurance	323	9	N/A	N/A	N/A	N/A
Wholesale trade	239	10	N/A	N/A	N/A	N/A
Total	<u>7,181</u>		<u>N/A %</u>	<u>N/A</u>		<u>N/A %</u>

Sources: Illinois Services and Illinois Manufacturers' Directories, Illinois Industrial Directory, Illinois Department of Employment Security.

See independent auditor's report.

SUMMIT HILL SCHOOL DISTRICT 161
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Supervisory										
Noninstructional administrators	4	4	4	4	4	4	4	4	4	4
Principals	6	6	6	6	6	6	6	6	6	8
Assistant principals	4	4	4	3	3	3	3	3	3	2
Total supervisory	14	14	14	13	13	13	13	13	13	14
Instruction										
Elementary classroom teachers	125	124	109	109	109	109	111	111	112	117
Secondary classroom teachers	43	33	31	31	31	31	46	32	32	32
ESE teachers	81	101	101	99	99	90	91	98	99	100
Aides	39	41	38	35	35	35	35	29	19	19
Total instruction	288	299	279	274	274	265	283	270	262	268
Student services										
Guidance counselors	2	2	2	2	2	2	2	2	2	2
Librarians	5	5	5	5	5	5	5	5	5	6
Technicians	10	8	5	5	3	3	3	3	3	3
Psychologists	4	-	-	-	-	-	-	-	-	-
Nurses	5	-	-	-	-	-	-	-	-	-
Total student services	26	15	12	12	10	10	10	10	10	11
Support and administration										
Clerical/secretarial	24	21	22	20	20	20	20	20	20	20
Skilled crafts	2	1	1	1	1	1	1	1	1	-
Unskilled laborers	10	13	13	15	15	15	15	15	15	15
Total support and administration	36	35	36	36	36	36	36	36	36	35
Total	364	363	341	335	333	324	342	329	321	328

Source: State Department of Education

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

<u>School</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Elementary:										
Arbury Hills School (1960)										
Square feet	42,720	42,720	42,720	42,720	42,720	42,720	42,720	42,720	42,720	42,720
Capacity	456	456	456	456	456	456	456	456	456	456
Enrollment	169	187	189	193	223	217	233	246	262	214
Frankfort Square School (1973)										
Square feet	40,700	40,700	40,700	40,700	40,700	40,700	40,700	40,700	40,700	40,700
Capacity	426	426	426	426	426	426	426	426	426	426
Enrollment	185	183	181	196	209	215	226	244	239	166
Indian Trail School (1979)										
Square feet	57,496	57,496	57,496	57,496	57,496	57,496	57,496	57,496	57,496	57,496
Capacity	648	648	648	648	648	648	648	648	648	648
Enrollment	315	354	367	398	427	447	445	452	464	348
Dr. Julian Rogus School (2001)										
Square feet	131,308	131,308	131,308	131,308	131,308	131,308	131,308	131,308	131,308	131,308
Capacity	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112	1,112
Enrollment	584	620	634	618	676	705	801	779	810	704
Mary Drew School (2008)										
Square feet	62,777	62,777	62,777	62,777	62,777	62,777	62,777	62,777	62,777	62,777
Capacity	690	690	690	690	690	690	690	690	690	690
Enrollment	-	-	-	-	-	-	-	-	-	347
Middle:										
Hilda Walker School (1996)										
Buildings	100,462	100,462	100,462	100,462	100,462	100,462	100,462	100,462	100,462	100,462
Square feet	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Enrollment	623	672	699	719	717	768	748	716	786	810
Junior High:										
Summit Hill Junior High School (2007)										
Square feet	160,562	160,562	160,562	160,562	160,562	160,562	160,562	160,562	160,562	160,562
Capacity	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	703	712	749	769	767	747	772	811	808	852

Source: District Records

See independent auditor's report.

**SUMMIT HILL SCHOOL DISTRICT 161
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS**

Fiscal Year	Minimum Salary	Maximum Salary	State Median Minimum Salary	State Median Maximum Salary
2021	\$ 53,002	\$ 107,201	\$ 40,025	\$ 79,935
2020	51,626	80,128	40,442	82,284
2019	50,774	79,057	39,817	80,851
2018	49,936	78,142	39,129	79,958
2017	49,110	77,247	38,814	79,662
2016	48,300	76,905	38,405	78,622
2015	48,110	77,846	36,927	74,388
2014	47,921	76,299	36,635	73,399
2013	47,827	75,976	36,361	72,507
2012	46,142	74,030	35,913	70,795

Data Source:

Minimum and maximum salaries for Summit Hill are from District records; Statewide salaries are from the Illinois State Board of Education Records and the Illinois Teachers Salary Study.

See independent auditor's report.

SINGLE AUDIT SECTION

**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 Superintendent of Schools and Board of Education
Summit Hill School District 161
Frankfort, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Summit Hill School District 161 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Summit Hill School District 161's basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Summit Hill School District 161'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 Summit Hill School District 161's internal control. Accordingly, we do not express an opinion on the effectiveness of Summit Hill School District 161'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (items 2021-001 and 2021-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit Hill School District 161's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Summit Hill School District 161's Responses to the Findings

Summit Hill School District 161's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Summit Hill School District 161's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orland Park, Illinois
December 14, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Superintendent of Schools and Board of Education
Summit Hill School District 161
Frankfort, Illinois

Report on Compliance for Each Major Federal Program

We have audited Summit Hill School District 161'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 Summit Hill School District 161's major federal programs for the year ended June 30, 2021. Summit Hill School District 161'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 Summit Hill School District 161'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 Summit Hill School District 161'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 Summit Hill School District 161's compliance.

Opinion on Each Major Federal Program

In our opinion, Summit Hill School District 161 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 Summit Hill School District 161 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 Summit Hill School District 161'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 Summit Hill School District 161'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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

PKF Mueller

Orland Park, Illinois
December 14, 2021

SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Child Nutrition Cluster:				
Department of Agriculture Programs:				
Illinois State Board of Education:				
National School Lunch	10.555	21-4210	\$ -	\$ 24,356
National School Lunch	10.555	21-4210-BT	-	614
Dept. of Defense Commodities (noncash)	10.555	2021	-	5,439
Total for program			-	30,409
Summer Food Service	10.559	21-4225	-	221,613
Total Child Nutrition Cluster			-	252,022
Department of Education Programs:				
Illinois State Board of Education:				
Special Education Cluster (IDEA):				
IDEA Flow-through (M)	84.027	21-4620-00	-	502,315
IDEA Flow-through (M)	84.027	21-4620-E1	-	3,679
Total for program			-	505,994
Preschool Flow-through (M)	84.173	21-4600	-	20,711
Total Special Education Cluster (IDEA)			-	526,705
Title I - Low Income	84.010	21-4300	-	113,585
Title II - Teacher Quality	84.367	21-4932	-	24,947
Title III - Immigrant	84.365	20-4905	-	1,799
Title III - Language	84.365	21-4909	-	2,100
Title III - Language	84.365	20-4909	-	5,797
Total for program			-	9,696
Title IVA - Student Support and Academic Research	84.042	21-4400	-	13,505
COVID-19 - Other Federal Programs - ESSER	84.425D	20-4998-ER	-	64,247
Total Department of Education Programs			-	752,685

(continued)

See independent auditor's report and notes to schedule of expenditures of federal awards.

**SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of the Treasury:				
Will County:				
COVID-19 - Coronavirus Relief Fund	21.019	2020	-	55,820
COVID-19 - Student Connections Distance Learning	21.019	2020	-	11,069
Total Department of the Treasury Programs			-	66,889
Department of Health and Human Services Programs:				
Illinois Department of Healthcare and Family Services:				
Medical Assistance Program	93.778	2021	-	135,454
Medical Assistance Program	93.778	2020	-	38,290
Total Department of Health and Human Services Programs			-	173,744
Total expenditures of federal awards			\$ -	\$ 1,245,340
				(concluded)

(M) - Major program

See independent auditor's report and notes to schedule of expenditures of federal awards.

SUMMIT HILL SCHOOL DISTRICT 161
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Summit Hill School District 161 (District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. INDIRECT FACILITIES AND ADMINISTRATION COSTS

The District has elected not to use the 10-percent de minimis cost rate.

NOTE 3. NONCASH ASSISTANCE

Noncash assistance expended by the District amounted to \$5,439 for commodities passed through the Illinois State Board of Education.

NOTE 4. OTHER INFORMATION

Insurance coverage in effect paid with federal funds during the fiscal year amounted to zero.

Loans/loan guarantees outstanding at June 30, 2021 amounted to zero.

The District had no federal grants requiring matching expenditures during the year ended June 30, 2021.

**SUMMIT HILL SCHOOL DISTRICT 161
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNMODIFIED

Internal control over financial reporting:

- Material weaknesses identified? Yes X None reported
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported
- Noncompliance noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes X None reported
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster:
84.027	IDEA Flow Through
84.173	PreSchool Flow-through

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Summit Hill SD 161
56-099-1610-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ **2021- 001** 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2018

3. Criteria or specific requirement

The District should have key financial duties properly segregated.

4. Condition

The District lacks proper segregation of duties in the payroll and bank reconciliation areas. The payroll process does not fully segregate the duties of personnel data management and payroll processing. The District lacks segregation of duties as the Director of Business Services has the ability to enter and post journal entries and also performs bank reconciliations.

5. Context¹²

The District does not have proper segregation of duties in the areas of payroll and the bank reconciliation process.

6. Effect

The District may not be able to identify misstatements in the areas of payroll and cash.

7. Cause

Finding was caused by the District not having proper segregation of duties in the areas of payroll and bank reconciliations.

8. Recommendation

We recommend the District evaluate the internal control structure and weigh the cost benefit to the District of implementing proper segregation of duties.

9. Management's response¹³

Management will consider implementation of recommended internal controls to the extent it is not cost prohibitive.

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.

Summit Hill SD 161
56-099-1610-02
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹

2021- 002

2. THIS FINDING IS:

☒

New

☐

Repeat from Prior Year?

Year originally reported? _____

3. Criteria or specific requirement

The federal identification number (FEIN) of the District is being used on bank checking accounts held by entities operating outside of the District's governance.

4. Condition

The FEIN should only be used on bank checking accounts that are under the full authority and control of the School Board.

5. Context¹²

The District does not have full authority and control of the funds that are being held under its FEIN.

6. Effect

The District may be held responsible for financial conditions for which it did not approve or for which it did not knowingly enter. Entities operating outside of the District's governance should be separate and distinct from the District, including filing under their own FEIN.

7. Cause

Finding was caused by the discovery that entities operating outside of the District's governance were using the FEIN of the District on bank checking accounts.

8. Recommendation

We recommend that each of the entities obtain its own FEIN for use on bank checking accounts and other potential legal forms for which it may be required.

9. Management's response¹³

Management will discuss this issue with each of the entities operating outside of the District's governance.

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.

Summit Hill SD 161
56-099-1610-02
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>
2020-001	The District currently lacks proper segregation of duties in payroll, and in the area of performing bank reconciliations. The payroll process does not fully segregate the duties of personnel data management and payroll processing. The District lacks segregation of duties as the Director of Business Services has the ability to enter and post journal entries and also performs bank reconciliations	Repeated in the current year as finding 2021-001.

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.



Summit Hill School District 161

Arbury Hills School ■ Frankfort Square School ■ Indian Trail School
Dr. Julian Rogus School ■ Walker Intermediate School ■ Summit Hill Jr. High

RCDT: 56-099-1610-02

CORRECTIVE ACTION PLAN FOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

FINDING NO.: 2021-001

CONDITION: The District lacks proper segregation of duties in the payroll and bank reconciliation areas. The payroll process does not fully segregate the duties of personnel data management and payroll processing. The District lacks segregation of duties as the Director of Business Services has the ability to enter and post journal entries and performs bank reconciliations.

PLAN: The District implemented recommended internal controls to the extent it is not cost prohibitive. Specific adjustments have been made including: The Bookkeeper posts the journal entries, and the Director of Business Services reviews their posting to the financial statements. The Director or Business Services reconciles the bank accounts while payroll clerk and bookkeeper post transactions. The administrative assistant to the Superintendent, will add new employees to the payroll system.

FINDING NO.: 2021-002

CONDITION: The entities operating outside of the District's governance utilizes its federal identification number (FEIN).

PLAN: Currently, the policy committee is working with the attorney to explore options. The District plans to follow up with the School Community Organizations (SCO's), the Booster Clubs and the Teacher Social Committee in conveying the recommendations.

ANTICIPATED DATE OF COMPLETION:

Projected date January 14, 2022

NAME OF CONTACT PERSON: Julie Stearns, Director of Business Services

SIGNATURE:

Julie Stearns
Director of Business Services
Summit Hill School District 161