

SUMMIT HILL SCHOOL DISTRICT NO. 161
FRANKFORT, ILLINOIS
ANNUAL COMPREHENSIVE FINANCIAL
REPORT
JUNE 30, 2022

Prepared by:

Summit Hill School District No. 161
Business Services Department

Table of Contents

	PAGE
INTRODUCTORY SECTION:	
Transmittal Letter	i-viii
Board of Education and Administration	ix
Organizational Chart	x
Certificate of Excellence in Financial Reporting	xi
FINANCIAL SECTION:	
<i>INDEPENDENT AUDITORS' REPORT</i>	xii-xiv
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	xv-xxii
<i>BASIC FINANCIAL STATEMENTS:</i>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position (Statement A)	1
Statement of Activities (Statement B)	2
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds (Statement C)	3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Statement D)	4
Notes to Basic Financial Statements	5-45
<i>REQUIRED SUPPLEMENTARY INFORMATION:</i>	
<u>Major Governmental Funds:</u>	
General Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule A-1)	46
Transportation Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule A-2)	47

SUMMIT HILL SCHOOL DISTRICT NO. 161

Table of Contents

PAGE

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED):

Retirement Fund / OPEB Information:

Illinois Municipal Retirement Fund:

Schedule of Changes in Net Pension Liability (Schedule B-1).....	48
Schedule of Contributions (Schedule B-2).....	49

Teachers' Retirement System of the State of Illinois:

Schedule of District's Share of the Net Pension Liability (Schedule B-3)	50
Schedule of Contributions (Schedule B-4).....	50

Teachers' Health Insurance Security Fund of the State of Illinois:

Schedule of District's Share of the Net OPEB Liability (Schedule B-5)	51
Schedule of Contributions (Schedule B-6).....	51

Post-Retirement Health Plan:

Schedule of Total OPEB Liability and Related Ratios (Schedule B-7).....	52
Notes to Required Supplementary Information.....	53-54

OTHER INFORMATION:

Major Governmental Funds:

General Fund:

Combining Balance Sheet (Schedule C-1)	55
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Schedule C-2)	56

Educational Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule C-3).....	57-63
--	-------

Operations & Maintenance Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule C-4).....	64
--	----

Tort Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule C-5).....	65
--	----

SUMMIT HILL SCHOOL DISTRICT NO. 161

Table of Contents

PAGE

OTHER INFORMATION (CONTINUED):

Major Governmental Funds (Continued):

General Fund (Continued):

Working Cash Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule C-6).....	66
--	----

Bond and Interest Fund:

Balance Sheet (Schedule C-7).....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule C-8).....	67

Nonmajor Governmental Funds:

Combining Balance Sheet (Schedule D-1)	68
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Schedule D-2)	69

Special Revenue Fund:

Social Security and IMRF Fund:

Balance Sheet (Schedule D-3).....	70
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule D-4).....	70

Capital Projects Fund:

Balance Sheet (Schedule D-5).....	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule D-6).....	71

STATISTICAL SECTION:

Financial Trends:

Net Position by Component.....	72
Changes in Net Position	73
Fund Balances of Governmental Funds	74
Changes in Fund Balances	75

Table of Contents

PAGE

STATISTICAL SECTION (CONTINUED):

Revenue Capacity:

Assessed Value and Actual Value of Taxable Property	76
Assessed Valuations, Rates, Extensions and Collections	77
Property Tax Rates – Direct and Overlapping Governments	78
Principal Property Taxpayers	79

Debt Capacity:

Ratios of Outstanding Debt by Type	80
Ratios of General Bonded Debt Outstanding	81
Direct and Overlapping General Obligation Bonded Debt	82
Legal Debt Margin Information	83

Demographic and Economic Information:

Demographic and Economic Statistics	84-85
Principal Employers	86

Operating Information:

Full-time Equivalent District Employees by Type	87
Teacher Base Salaries	88
School Building Information	89

OTHER REPORTS SECTION:

Independent Auditors' 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>	90-91
--	-------

SUMMIT HILL SCHOOL DISTRICT NO. 161

Table of Contents

PAGE

SINGLE AUDIT SECTION:

Independent Auditors' Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	92-94
Schedule of Expenditures of Federal Awards	95
Notes to the Schedule of Expenditures of Federal Awards	96
Summary of Findings and Questioned Costs	97-99
Summary Schedule of Prior Audit Findings	100

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

November 11, 2022

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

The comprehensive annual financial report of Summit Hill School District No. 161 for the fiscal year ended June 30, 2022, 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 Comprehensive Annual 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 a separate report. The report is available for viewing at Mary Drew Administrative Center of Summit Hill School District 161.

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 1 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 2021-2022 school year. Enrollment downward trends are beginning to level off, as indicated by kindergarten classes. 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 projected 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 \$963 million in an area that is largely suburban, single-family housing. The tax base has been consistently rising for the past several 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. "One major data point that drives this calculation is the CPI, as established by the Illinois Department of Revenue (IDOR). Property Tax Extension Limitation Law (PTELL) says that each year, the data point used for CPI shall be the lesser of the figure certified by IDOR or 5%.

Since PTELL was introduced in 1991, IDOR has never certified a CPI over 5% until now. 2022 Levy CPI was certified to be 7%. County Clerks will calculate 2022 extension limitations for taxing bodies using 5% as the CPI in the Limiting Rate formula. While there are other variables that go into that formula, what this means is that every taxing district is likely entitled to *at least* a 5% increase for their 2022 extension as compared to 2021.” (Will County Clerk’s Office)

Financial Outlook

The District’s financial health discloses a stable situation and adequate fund balances to finance operations. At the end of FY 2022, the District’s total fund balance totaled to \$28.1 million, this reflected a \$1.9 million increase over FY 2021.

Financial difficulties with the State of Illinois impact cash on hand, and thus make it a more critical measure than in prior years.

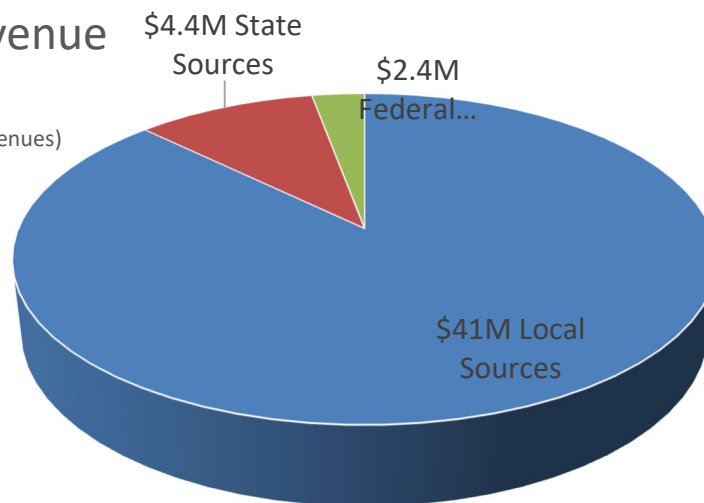
Revenues

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.

Sources of Revenue

FYE 2022

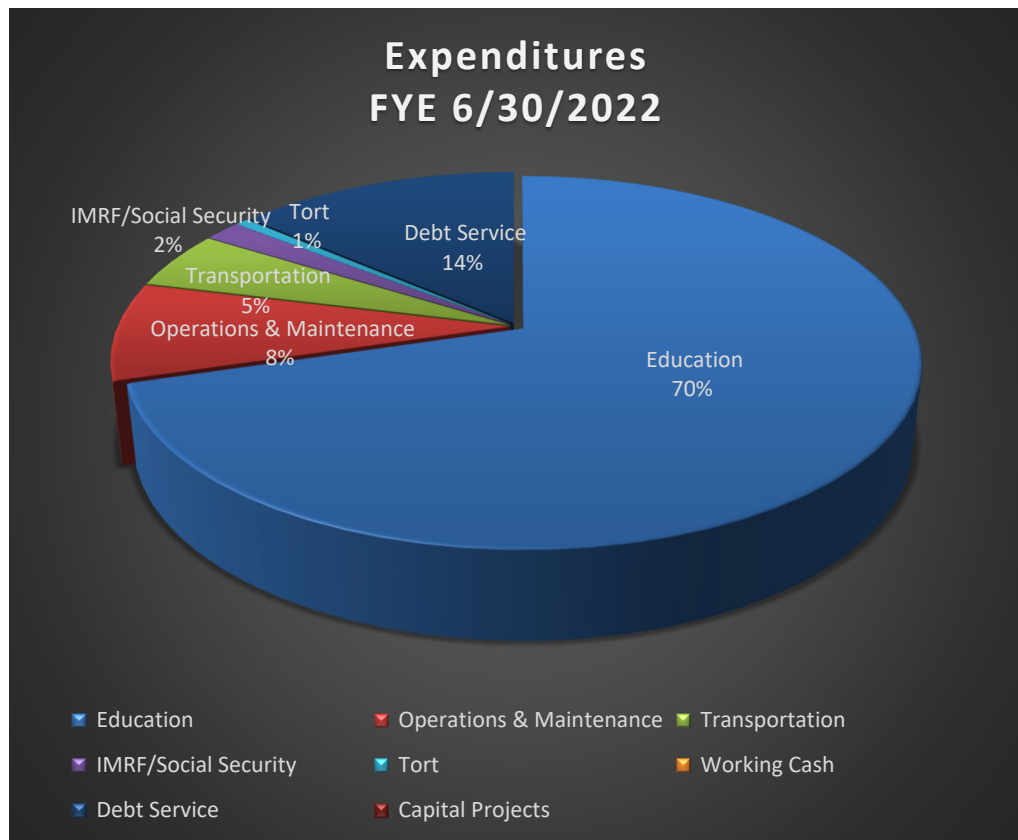
(excluding on-behalf revenues)



■ Local ■ State ■ Federal ■

Expenditures

Expenditures for governmental activities are comprised mainly of salaries, benefits, payments to other district 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. Asphalt coating of the parking lots took place at the six of the seven buildings in the summer of 2023. Hilda Walker school parking lots have planned upgrades for the summer of 2023. Also in the summer of 2022, working with the District architect the cooling tower at Summit Hill Junior High was replaced. A door project at Hilda Walker, Indian Trail and Arbury School was completed in the summer of 2022.

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 judgments 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 by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. 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 conducted 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 \$931million 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 to the 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.

Ended June 30th	Evidenced Based Funding / General State Aid	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	\$ 2,915,354	\$ 40,096,643	\$ 43,011,997	7%
2022	\$ 2,982,800			

The chart above discloses 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. The property tax extension of \$40,096,643 includes PA 102 0519 ADJ of \$26,003.01. The EBF payment schedule for FYE 2023 is trending upwards to \$3,039,674. 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, 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
2023	\$ 6,727,150
2024	\$ 7,237,800
2025	\$ 7,847,600
2026	\$ 6,968,100
2027	\$ 4,248,750

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 (2021-2022)

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 are below:

Goal 1:

Improve student achievement/academic performance on the pathway to high school readiness and future college/career readiness through a challenging, rigorous, yet supportive and enjoyable curriculum. (Policy 6:10)

Goal 2:

To provide and expand technology and infrastructure in support of efficient teaching, learning, research, and communication to our entire learning community that is effective, meaningful, and continually innovative. (Policy 6:235)

Goal 3:

To strengthen our financial position through responsible budgeting, maximizing financial/human resources, reporting, and advocating for a high-quality education provided to all students. (Policy 4:10, 4:20)

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 Comprehensive Annual Financial report for each fiscal year beginning with the June 30, 1986 report.

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 ASBO to determine its eligibility for another certificate for the year ended June 30, 2022.

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 Mack and Associates was selected by the District to perform the audit. The Independent Auditors' Report is included in the Financial Section of this report.

Closing Statement

It is the intent of the business office that this comprehensive annual 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, 2022.

The Superintendent, Dr. Paul McDermott and the Director of Business Services, Julie Stearns joined Summit Hill School District 161 beginning on July 1, 2021. The Comprehensive Annual Financial Report for the year ended June 30, 2022, has been audited by the independent accounting firm Mack and Associates, P.C. FYE 2022 discloses healthy financial balances with an upgrade in financial status to recognition. 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, CSBO
Director of Business Services & Treasurer

SUMMIT HILL SCHOOL DISTRICT NO. 161

Board of Education and Administration
June 30, 2022

BOARD OF EDUCATION

<u>Name</u>	<u>Title</u>	<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

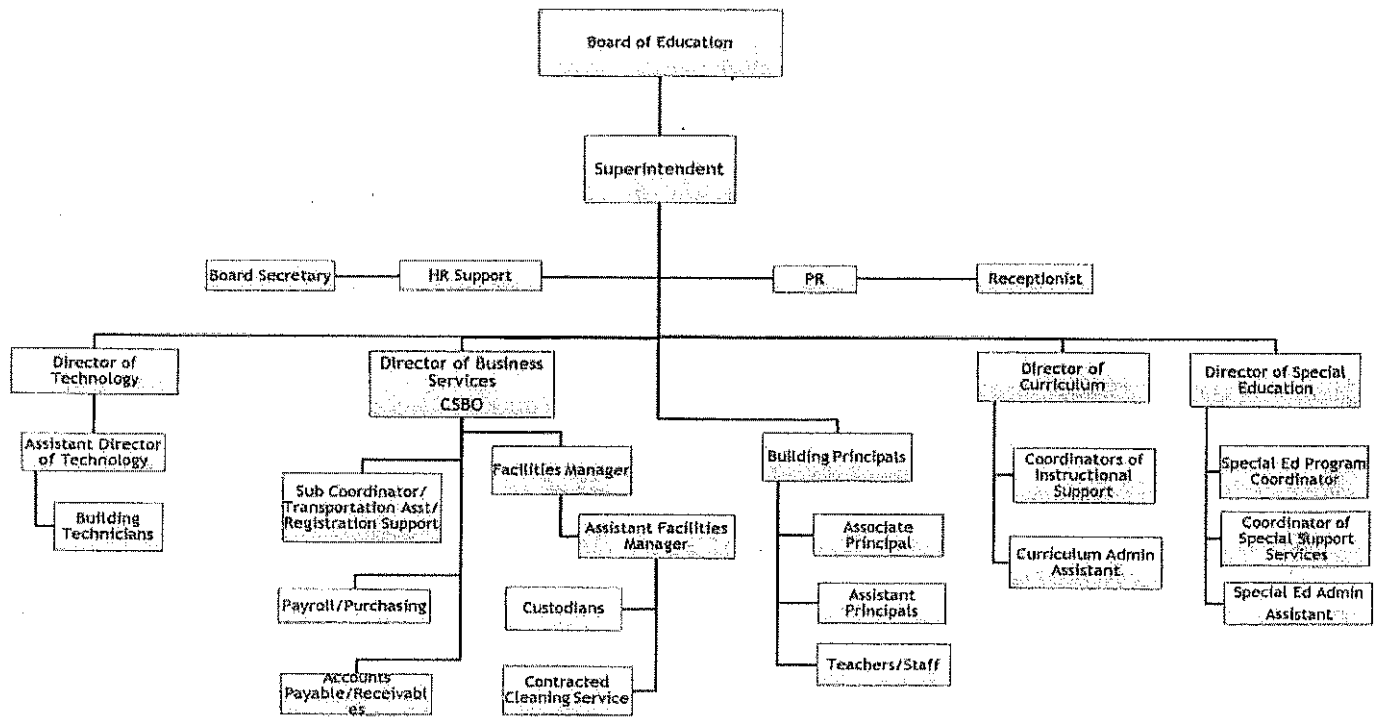
<u>Name</u>	<u>Title</u>
Dr. Paul McDermott	Superintendent

OFFICIAL ISSUING REPORT

<u>Name</u>	<u>Title</u>
Ms. Julie Stearns, CPA, CSBO	Director of Business Services and Treasurer

DEPARTMENT ISSUING REPORT

Business Office





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Summit Hill School District 161

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

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



A handwritten signature in black ink, reading 'Will A. Sutter'.

William A. Sutter
President

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

David J. Lewis
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA

CATE MOULTON, CPA
CHRIS CHRISTENSEN

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Education
Summit Hill School District No. 161
Frankfort, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit Hill School District No. 161, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit Hill School District No. 161, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Summit Hill School District No. 161, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit Hill School District No. 161's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Summit Hill School District No. 161's 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB data schedules and related notes 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 No. 161's basic financial statements. The combining general fund financial statements, bond and interest fund financial statements, and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplemental Information

Management is responsible for the supplemental information included in the annual report. The supplemental information is comprised of the introductory section and the statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the supplemental information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the supplemental information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022 on our consideration of the Summit Hill School District No. 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Summit Hill School District No. 161's internal control over financial reporting and compliance.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2022

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, 2022. 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 \$7 to a total net position of \$19.8. This represents a 56% increase from 2021. 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.
- Total local revenue sources accounted for \$41 or 86%, state revenue sources accounted for \$4.4 or 9%, and federal revenue sources accounted for \$2.4 or 5% for total revenues of \$47.8 or 100%, before on behalf payments, of \$10.8.
- The District had \$45.8 in expenses, before on behalf payments of \$10.8. The total fund balance increased by \$1.9 or 7% resulting in an ending fund balance of \$28.1.
- 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 2021-2022 school year.
- The District continued to pay down its long-term debt. Currently, the District does not have plans to issue any new long-term debt and the District's current debt is projected to be completely paid off during the fiscal year ending 2027. Payment for long-term debt in fiscal year 2022 was \$6.3, they are projected to \$6.7 in 2023.
- 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.
- Previously interest income was a nominal portion of the revenue stream. There is an upward projection with market changes. The District continues to work with PMA Financial to obtain the best rates possible. 2023 is projected to track significantly better upward trends in the interest rate.

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.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2022

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 divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary 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.

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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District.

Summit Hill School District 161

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2022

The accounting used for fiduciary funds is much like that for the government-wide financial statements.

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 benefits to its non-certified employees.

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2022, than it was the year before, increasing 56% to \$19.8.

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

	<u>2021</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 48.0	\$51.3
Capital assets	<u>49.6</u>	<u>47.8</u>
Total assets	<u>97.6</u>	<u>99.1</u>
Total deferred outflows of resources	<u>4.0</u>	<u>3.8</u>
Liabilities:		
Current liabilities	2.6	2.3
	<u>60.0</u>	<u>50.5</u>
Total liabilities	<u>62.6</u>	<u>52.8</u>
Total deferred inflows of resources	<u>26.3</u>	<u>30.4</u>
Net position:		
Net investment in capital assets	13.6	17.1
Restricted	5.2	5.8
Unrestricted (deficit)	<u>(6.1)</u>	<u>(3.1)</u>
Total net position	<u>\$ 12.7</u>	<u>\$ 19.8</u>

Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2022

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

	<u>2021</u>	<u>2022</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$.2	\$.5
Operating grants & contributions	20.6	14.6
<i>General revenues:</i>		
Taxes	38.1	39.4
Evidenced based funding	2.9	2.9
Other	1.0	1.2
Total revenues	<u>62.8</u>	<u>58.6</u>
Expenses:		
Instruction	41.2	36.9
Pupil & instructional staff services	3.4	3.3
Administration & business	2.4	2.8
Transportation	2.1	2.3
Interest & fees	1.2	.8
Other	9.8	5.4
Total expenses	<u>60.1</u>	<u>51.5</u>
Increase (decrease) in net position	2.7	7.0
Net position, beginning of year	<u>10.0</u>	<u>12.7</u>
Net position, end of year	<u>\$ 12.7</u>	<u>\$ 19.8</u>

Revenues in the governmental activities of the District of \$58.5 exceeded expenses by \$7.

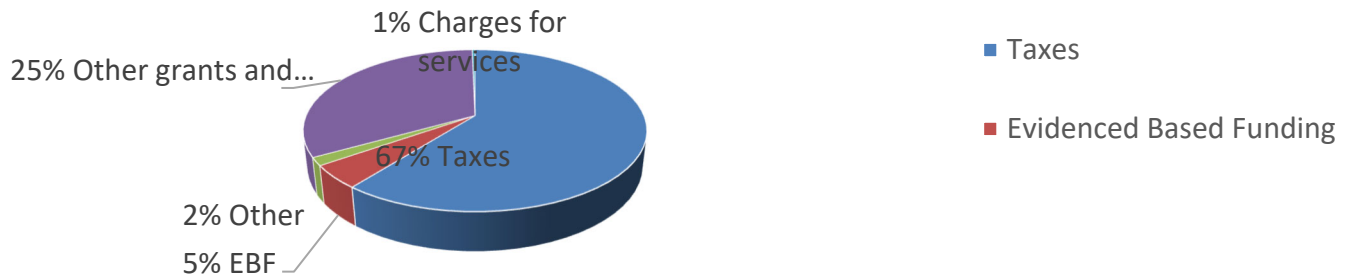
The on-behalf receipts and disbursements changed from to \$17.3 in 2021 to 10.7 in 2022.

Property taxes accounted for the largest portion of the District's revenues, contributing 67%. The remainder of revenues came from state, federal grants, and other sources.

The total cost of all the District's programs were \$51.5, majority of the costs pertain to instructing and caring for the students and student transportation.

Summit Hill School District 161
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2022

District- Wide Revenues by Source 2022



District- Wide Expenditures

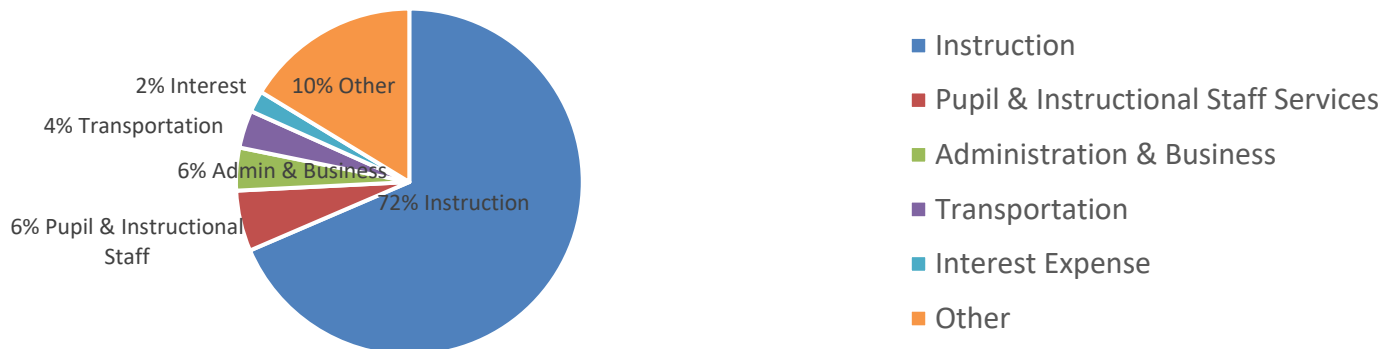


Table 3 Budgetary Variations <i>(in millions of dollars)</i>			
General fund:	Budget FYE 2022	Actual FYE 2022	Variance FYE 2022
Education Fund	42.452	43.086	-0.634
Operations & Maintenance Fund	4.718	3.887	0.831
Tort Fund	0.3	0.289	0.011
Working Cash Fund	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>47.47</u>	<u>47.262</u>	<u>0.208</u>

In FYE 6/30/2022 the over expenditure in the education fund pertains mainly to the on-behalf payments in excess of the amount budgeted. There was not an amended budget for FYE 6/30/2022 nor for FY6/30/21.

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 4 Capital Assets (net of depreciation) <i>(in millions of dollars)</i>			
	<u>2021</u>	<u>2022</u>	
Land	\$ 3.9	\$ 3.9	
Buildings	44.8	43.0	
Equipment	.7	0.6	
Land improvements	<u>.2</u>	<u>0.2</u>	
Total	<u>\$ 49.6</u>	<u>\$ 47.8</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 liability and OPEB liability decreased by \$4.9.

More detailed information about long-term debt can be found in Note 6 of the basic financial statements.

Table 5
Outstanding Long-Term Debt
(in millions of dollars)

	<u>2021</u>	<u>2022</u>
General obligation bonds	\$ 36.8	\$ 31.2
Net Pension and Other Post- Employment Benefits Liabilities	23.2	18.3
Total	<u>\$ 60.0</u>	<u>\$ 49.4</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:

As the COVID-19 pandemic cycles down, the corresponding ESSER grants are anticipating the same decline.

The District is anticipating receiving an increased amount in fiscal 2023 from Evidenced Based Funding. The EBF payment schedule for FYE 2023 is trending upwards to \$3,039,674. For FYE 2022 EBF amount was \$2,982,804.

"2022 Levy CPI was certified to be 7%. County Clerks will calculate 2022 extension limitations for taxing bodies using 5% as the CPI in the Limiting Rate formula. While there are other variables that go into that formula, what this means is that every taxing district is likely entitled to *at least* a 5% increase for their 2022 extension as compared to 2021." (Will County Clerk's Office). This may impact the 2022 levy for many school districts. Property tax freeze and pension reform 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.

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 vary in scope. The District is utilizing the facility assessment to develop a corresponding timeline to accomplish the recommended repairs. There are plans to update outside lighting in connection with

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 ended on June 30, 2022. The District has ongoing negotiations. 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
Statement of Net Position
June 30, 2022

	Governmental Activities 2022
<u>Assets</u>	
Cash in bank	\$ 30,781,132
Entitlements receivable	755,916
Property tax receivable	18,636,702
Net pension asset	1,013,824
Prepaid expenditures	156,429
Capital assets:	
Land	3,946,982
Land Improvements	1,600,018
Building	85,409,940
Equipment	2,060,756
Accumulated depreciation	(45,201,946)
Total assets	99,159,753
<u>Deferred Outflows of Resources</u>	
Unamortized loss on refunding	508,227
Deferred outflows of resources related to pensions	1,490,353
Deferred outflows of resources related to other postemployment benefits	1,780,313
Total deferred outflows of resources	3,778,893
<u>Liabilities</u>	
Accounts payable	597,868
Accrued salaries	1,682,974
Payroll liabilities	32,313
Long-term liabilities:	
Due Within One Year:	
Bonds payable	5,925,000
Due in More Than One Year:	
Bonds payable, net of premium	25,306,347
Net pension liability	1,762,158
Net OPEB liability	17,447,006
Total liabilities	52,753,666
<u>Deferred Inflows of Resources</u>	
Property taxes levied for subsequent years	19,847,838
Unearned revenue	50,000
Deferred inflows of resources related to pensions	2,872,138
Deferred inflows of resources related to other postemployment benefits	7,639,118
Total deferred inflows of resources	30,409,094
<u>Net Position</u>	
Net Investment in Capital Assets	17,092,630
Restricted	5,787,286
Unrestricted	(3,104,030)
Total Net Position	\$ 19,775,886

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

STATEMENT B

Government-wide Financial Statements
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net Revenue (Expense) and Changes in Net Position Governmental Activities 2022
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 26,139,837	532,181	2,498,764	(23,108,892)
Pupil Support	3,318,419	-	-	(3,318,419)
Other Support	5,359,111	-	-	(5,359,111)
Transportation	2,295,837	-	-	(2,295,837)
Administration	2,794,186	-	1,333,964	(1,460,222)
Community Services	13,038	-	-	(13,038)
On Behalf Payments	10,782,833	-	10,782,833	-
Unallocated Interest and Fiscal Charges	786,991	-	-	(786,991)
Total Governmental Activities	\$ 51,490,252	532,181	14,615,561	(36,342,510)
General Revenues:				
Taxes:				
				\$ 39,420,667
				2,989,015
				307,986
				19,289
				692,410
				43,429,367
				7,086,857
				12,689,029
				\$ 19,775,886

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

Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Nonmajor	Total
	General	Special	Debt Service	Governmental	Governmental
	Fund	Revenue Fund	Fund	Funds	Funds
		Transportation	Bond & Interest		2022
		Fund	Fund		
<u>Assets</u>					
Cash	\$ 23,122,953	1,851,946	4,613,937	1,192,296	30,781,132
Entitlements receivable	421,478	334,438	-	-	755,916
Property tax receivable	14,781,883	202,461	3,129,185	523,173	18,636,702
Prepaid expenditures	71,946	84,483	-	-	156,429
Total assets	<u>\$ 38,398,260</u>	<u>2,473,328</u>	<u>7,743,122</u>	<u>1,715,469</u>	<u>50,330,179</u>
<u>Liabilities</u>					
Accounts payable	\$ 597,868	-	-	-	597,868
Accrued salaries	1,681,582	1,392	-	-	1,682,974
Payroll liabilities	1,981	-	-	30,332	32,313
Total liabilities	<u>2,281,431</u>	<u>1,392</u>	<u>-</u>	<u>30,332</u>	<u>2,313,155</u>
<u>Deferred Inflows of Resources</u>					
Property taxes levied for subsequent years	15,742,508	215,618	3,332,540	557,172	19,847,838
Unearned revenue	50,000	-	-	-	50,000
Total deferred inflows of resources	<u>15,792,508</u>	<u>215,618</u>	<u>3,332,540</u>	<u>557,172</u>	<u>19,897,838</u>
<u>Fund Balances</u>					
Nonspendable Fund Balance	71,946	84,483	-	-	156,429
Assigned Fund Balance	83,592	2,171,835	-	-	2,255,427
Restricted Fund Balance	248,739	-	4,410,582	1,127,965	5,787,286
Unassigned Fund Balance	19,920,044	-	-	-	19,920,044
Total Fund Balances	<u>20,324,321</u>	<u>2,256,318</u>	<u>4,410,582</u>	<u>1,127,965</u>	<u>28,119,186</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,398,260</u>	<u>2,473,328</u>	<u>7,743,122</u>	<u>1,715,469</u>	<u>50,330,179</u>
Reconciliation to Statement of Net Position:					
Total governmental fund balances					\$ 28,119,186
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities of \$93,017,698, (net of accumulated depreciation of \$45,201,946), are not financial resources and therefore are not reported in the funds.					
					47,815,750
Unamortized loss on refunding is shown as a deferred outflow of resources and, therefore, are not reported in the funds.					
					508,227
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported 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:					
Unamortized issuance premium					(476,347)
General Obligation Bonds					(30,755,000)
The total net pension liability is reported as a liability on the statement of net position.					
					(748,334)
The total other postemployment benefits liability is reported as a liability on the statement of net position.					
					(17,447,007)
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					1,490,353
Deferred inflows of resources related to pensions					(2,872,137)
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					1,780,313
Deferred inflows of resources related to other postemployment benefits					(7,639,118)
Net Position of Governmental Activities					<u>\$ 19,775,886</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	Major Funds:			Nonmajor Governmental Funds	Total Governmental Funds 2022
	General Fund	Special Revenue Fund Transportation Fund	Debt Service Fund Bond & Interest Fund		
Revenues:					
Local Sources	\$ 32,476,515	825,855	6,522,482	1,130,374	40,955,226
State Sources	2,926,433	1,473,964	-	27,000	4,427,397
Federal Sources	2,411,653	-	-	-	2,411,653
On Behalf Payments	10,782,833	-	-	-	10,782,833
Total Revenues	48,597,434	2,299,819	6,522,482	1,157,374	58,577,109
Expenditures:					
Current					
Instructional	22,552,708	-	-	454,226	23,006,934
Support					
Pupil Support	3,117,824	-	-	78,159	3,195,983
Instructional Staff	1,002,602	-	-	23,152	1,025,754
General administration	1,184,248	-	-	26,028	1,210,276
School administration	1,505,950	-	-	40,279	1,546,229
Business	4,881,250	64,716	-	125,828	5,071,794
Central	1,341,492	-	-	68,974	1,410,466
Other	-	-	-	4,439	4,439
Payment to Other Schools	879,884	2,231,121	-	-	3,111,005
Community Services	13,038	-	-	-	13,038
On Behalf Payments	10,782,833	-	-	-	10,782,833
Debt Service					
Interest and Fiscal Charges	-	-	881,000	-	881,000
Principal	-	-	5,370,000	-	5,370,000
Bond Fees	-	-	2,222	-	2,222
Total Expenditures	47,261,829	2,295,837	6,253,222	821,085	56,631,973
Excess (Deficiency) of Revenue Over (Under) Expenditures	1,335,605	3,982	269,260	336,289	1,945,136
Fund Balance, Beginning of Year	18,988,716	2,252,336	4,141,322	791,676	26,174,050
Fund Balance, End of Year	\$ 20,324,321	2,256,318	4,410,582	1,127,965	28,119,186

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - Governmental Activities \$ 1,945,136

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

The issuance of long-term debt 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, the 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:

General obligation bond payments	5,370,000
Amortization of bond premium	175,625
Amortization of loss on refunding	(184,932)

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. The change in fund balance must be increased by capital purchases and decreased by depreciation expense:

Capital asset purchases	298,380
Depreciation expense	(2,131,118)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:

Accrued interest payable	94,009
Change in OPEB liability	689,044
Change in pension liability	830,713

Change in Net Position of Governmental Activities (Statement B) \$ 7,086,857

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

NOTES TO BASIC FINANCIAL STATEMENTS

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summit Hill School District No. 161 (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Illinois. It is governed by a seven-member Board of Education (the "Board") elected by registered voters of the District.

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 Hill School District No. 161 (the "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 activities.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

The District is a member of the Lincoln-Way Area Special Education District 843 (LWASE) along with other area school districts. The District's pupils benefit from programs administered under this joint agreement, and the District benefits from jointly administered grants and programming. The joint agreement undergoes a separate audit, and financial information is available at its office. The LWASE office is located at 601 Willow Street, Frankfort, Illinois.

A. Reporting Entity

The District is governed by the Board of Education and provides primary education, transportation, building maintenance and general administrative services. The District was created by consolidation of several smaller districts in 1971.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous Districts, should be included within its financial reporting entity. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public services, and special financing relationships. There are no component units as defined above that are included in the District's reporting entity. The District is not included in any other governmental "reporting entity."

B. *Basis of Presentation*

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation (Continued)

Government-wide Financial Statements. The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. As general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements. During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

C. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. The District maintains individual funds required by the State of Illinois. These funds are grouped as required for reports filed with the Illinois State Board of Education.

District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting (Continued)

- b. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

There are two categories of funds utilized by the District: governmental and fiduciary.

Governmental Funds: Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the District's major governmental funds:

The General Fund, which consists of the Educational Fund, the Operations and Maintenance Fund, the Tort Fund, and the Working Cash Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. 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 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.

The Transportation Fund is used to account for the accumulation of financial resources for, and the payment of costs related to pupil transportation.

The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs.

The District reports the following nonmajor governmental funds:

Special revenue funds:

This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The District's only nonmajor special revenue fund is the Social Security and Illinois Municipal Retirement Fund.

Capital projects funds:

This fund type 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. The District's only nonmajor capital projects fund is the Capital Projects Fund.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting (Continued)

Fiduciary Funds: Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Inter-fund Activity: 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.

D. 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.

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements. All governmental funds are accounted for 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. 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. GASB 87 was implemented as of June 30, 2022, however, there is no impact on the financial statements. General capital asset acquisitions are reported as expenditures in governmental funds as no leases met the criteria. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

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 herein, 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." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "cash" and "investments."

F. Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Cash deposits are reported at carrying amount which reasonable estimates fair value. The reported value of the Illinois Funds and the Illinois Liquid Asset Funds is the same as the fair value of each Fund's shares.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Entitlements Receivable

Entitlements receivable consist of grants due from the state of Illinois and the federal government. The District considers its entitlements receivable to be fully collectible; accordingly, an allowance for uncollectible entitlements receivable has not been established. At June 30, 2022, entitlements receivable consisted of the following:

Emergency and Secondary School	
Emergency Relief Fund	\$ 56,478
IDEA Pre-School	7,156
IDEA Special Education	238,048
Medicaid	23,476
National School Lunch Program	62,935
State Special Education Tuition	32,097
Title II	212
Title III	776
Title IV	300
Transportation	218,195
Transportation - Special Education	116,243
Total	<u>\$ 755,916</u>

H. Inventory

The District's policy is to record all purchases of supplies and materials as expenditures when purchased, rather than when consumed; therefore, inventory is not reflected in the accompanying financial statements unless there are material amounts on hand. At June 30, 2022, the amounts on hand were insignificant.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

J. Capital Assets

Capital assets, which include land, 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 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 estimated fair value at the date of donation.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Capital Assets (Continued)

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

Description	Estimated Lives
Buildings	25-40 Years
Improvements	15-20 Years
Equipment	5-15 Years

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.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and IMRF and additions to/deductions from the TRS and IMRF fiduciary net position have been determined on the same basis as they are reported by TRS and IMRF.

L. Compensated Absences

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

Full-time employees earn fifteen 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, 2022.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, 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 source. 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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or balance sheet 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 two items that qualify for reporting in this category:

1. The deferred charge on refunding reported in the government-wide Statement of Net Position 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.
2. The deferred outflows of resources related to changes in net pension and OPEB liabilities result from differences between actuarially expected and actual experience, net differences between actuarially projected and actual earnings on plan investments, changes in actuarial assumptions, changes in proportion and differences between contributions and proportionate share of contributions, and timing differences.

In addition to liabilities, the Statement of Net Position and/or balance sheet 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 two types of items that qualify for reporting in this category:

1. The property taxes levied for subsequent years represent the portion of the 2021 tax levy not received within 60 days of year-end and, therefore, not recognized as revenues during the year ended June 30, 2022.
2. The deferred outflows of resources related to changes in net pension and OPEB liabilities result from differences between actuarially expected and actual experience, net differences between actuarially projected and actual earnings on plan investments, changes in actuarial assumptions, changes in proportion and differences between contributions and proportionate share of contributions, and timing differences.

O. 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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Fund Balance Flow Assumption

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.

Q. 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). See Note 8 for further details regarding fund balances.

The District does not have a policy for maintaining a minimum fund balance.

R. Program Revenues

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

S. Estimates

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

T. Comparative Data

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

Certain reclassifications may have been made to prior year data to conform to the current-year presentation.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 2: DEPOSITS 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 National Mortgage Association; and certain short-term obligations of U.S. corporations.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

The District's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution.

At June 30, 2022, the carrying amount of the District's deposits was \$4,834,254 and the bank balance was \$5,110,770. At June 30, 2022, all of the District's uninsured deposits were fully collateralized by securities held by the pledging financial institution.

Investments

As of June 30, 2022, equity in pooled cash and investments were comprised of the following:

Deposits with financial institutions	\$ 4,834,254
ISDLAF+ money market accounts	24,788,088
The Illinois Funds	<u>1,158,790</u>
Total	<u><u>\$ 30,781,132</u></u>

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 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.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 3: COMMON BANK AND INVESTMENT ACCOUNTS

Separate bank accounts are not maintained for all District funds; instead, cash of certain funds is combined in common bank accounts. The general checking, payroll, imprest, debit card, Illinois Funds and ISDLAF accounts are allocated between funds. Individual accounting records are maintained showing the cash balance attributed to each fund. As of June 30, 2022, the funds participating in the common bank accounts had the following cash balances:

<u>Fund</u>	<u>Pooled Cash & Investments</u>
General Fund:	
Educational Fund	\$ 12,685,143
Operations & Maintenance Fund	2,407,531
Tort Fund	265,092
Working Cash Fund	7,765,187
Total General Fund	<u>23,122,953</u>
Transportation Fund	1,851,946
Debt Service Fund	4,613,937
IMRF and Social Security Fund	697,129
Capital Projects Fund	<u>495,167</u>
Totals	<u><u>\$ 30,781,132</u></u>

NOTE 4: PROPERTY TAXES

The property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of the levy. The District receives significant distributions of tax receipts approximately one month after the due dates. The billings are considered past due 30 days after the respective billing date at which time the applicable property is subject to lien and penalties and interest are assessed.

The 2020 levy was passed by the Board on December 20, 2020 which was increased by bond and interest levy and decreased by statutory limitations to \$38,881,671, of which \$38,819,253 was collected. Of this amount, \$19,572,826 was recognized as revenue in the current fiscal year.

The 2021 levy was passed by the Board on December 16, 2021 in the amount of \$34,175,000, increased by bond and interest levy and decreased by statutory limitations to \$40,096,643, of which \$19,847,841 was collected in the current fiscal year. The remainder of the 2021 levy will be collected during the next fiscal year

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 4: PROPERTY TAXES - (Continued)**

The following specific levies are accounted for in the General Fund, and could result in restricted fund balances:

	Special Education	Tort Immunity
Restricted Balance - June 30, 2021	\$ -	160,549
Revenues	515,785	376,723
Expenses:		
Special Education	4,324,381	-
Liability Insurance	-	288,533
Total Expenses	4,324,381	288,533
Restricted Balance - June 30, 2022	\$ -	248,739

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Governmental Activities		
	July 1, 2021	Additions	Deletions
Capital assets, not being depreciated:			
Land	\$ 3,946,982	-	-
Total capital assets, not being depreciated	3,946,982	-	-
Capital Assets, being depreciated:			
Land improvements	1,600,018	-	-
Buildings	85,126,760	283,180	-
Equipment	2,045,556	15,200	-
Total capital assets, being depreciated	88,772,334	298,380	-
Total capital assets	92,719,316	298,380	-
Less accumulated depreciation:			
Land improvements	(1,366,723)	(13,070)	-
Buildings	(40,310,286)	(2,054,404)	-
Equipment	(1,393,819)	(63,644)	-
Total accumulated depreciation	(43,070,828)	(2,131,118)	-
Total capital assets being depreciated, net	45,701,506	(1,832,738)	-
Governmental activities capital assets, net	\$ 49,648,488	(1,832,738)	-

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 5: CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instructional	\$ 1,356,263
Pupil Support	122,436
Other Support	614,738
Administration	37,681
Total	<u>\$ 2,131,118</u>

The District's Net Investment in Capital Assets presented on the Statement of Net Position is calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 47,815,750
Plus: Deferred Charge on Refunding	508,227
Less: Bonds Payable and Unamortized Premium	<u>(31,231,347)</u>
Net Investment in Capital Assets	<u>\$ 17,092,630</u>

NOTE 6: LONG-TERM DEBT OBLIGATIONS

The following is a summary of the District's general long-term debt obligations and related activity for the year ended June 30, 2022:

	Principal Outstanding 7/1/2021	Additions	Reductions	Principal Outstanding 6/30/2022	Amount Due in One Year
Long-term debt:					
Bonds payable:					
G.O. Refunding School Bonds - Series 2013	\$ 9,270,000	-	55,000	9,215,000	3,745,000
G.O. Refunding School Bonds - Series 2014	5,165,000	-	3,155,000	2,010,000	2,010,000
G.O. Refunding School Bonds - Series 2014C	12,760,000	-	1,990,000	10,770,000	-
G.O. Refunding School Bonds - Series 2020	8,930,000	-	170,000	8,760,000	170,000
Deferred issuance premium	651,972	-	175,625	476,347	-
Total long-term debt	<u>36,776,972</u>	<u>-</u>	<u>5,545,625</u>	<u>31,231,347</u>	<u>5,925,000</u>
Pension obligations (Note 10):					
Net pension liability - TRS	2,044,667	-	282,509	1,762,158	-
Net pension liability (asset) - IMRF	167,357	-	1,181,181	(1,013,824)	-
	<u>2,212,024</u>	<u>-</u>	<u>1,463,690</u>	<u>748,334</u>	<u>-</u>
Other postemployment benefits obligation (Note 11):					
Net OPEB liability - THIS	20,929,837	-	3,609,227	17,320,610	-
Net OPEB liability - Health Plan	130,273	-	3,877	126,396	-
	<u>21,060,110</u>	<u>-</u>	<u>3,613,104</u>	<u>17,447,006</u>	<u>-</u>
Total long-term obligations	<u>\$ 60,049,106</u>	<u>-</u>	<u>10,622,419</u>	<u>49,426,687</u>	<u>5,925,000</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Notes to Basic Financial Statements
For the Year Ended June 30, 2022**

NOTE 6: LONG-TERM DEBT OBLIGATIONS - (Continued)

Fund balance of \$4,410,582 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.

Bonds Payable

The following bonds were issued to provide funds for the acquisition and construction of major capital facilities, and for the subsequent refunding of the original bonds. All principal and interest payments on bonds payable are made from the Debt Service Fund.

General Obligation Refunding School Bonds – Series 2013

On December 13, 2013, the District issued \$9,590,000 in \$5,000 denomination general obligation school refunding and bonds. The bonds' final maturity is January 1, 2024. Bonds are due annually on January 1st, and interest is due semi-annually on January 1st and July 1st. Interest ranges from 3% to 4%.

Proceeds of this bond were used to advance refund \$9,120,000 of outstanding General Obligation School Bonds – Series 2005, which had an interest rate of 5%. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the General Obligation School Bonds – Series 2005 referred to above are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

General Obligation Refunding School Bonds – Series 2013 (Continued)

Debt service to maturity of these bonds is as follows:

Fiscal Year			
Due	Principal	Interest	Total
2023	\$ 3,745,000	331,150	4,076,150
2024	5,470,000	218,800	5,688,800
Totals	<u>\$ 9,215,000</u>	<u>549,950</u>	<u>9,764,950</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 6: LONG-TERM DEBT OBLIGATIONS - (Continued)***General Obligation Refunding School Bonds – Series 2014*

On January 28, 2014, the District issued \$9,570,000 in \$5,000 denomination general obligation school refunding bonds. The bonds' final maturity is January 1, 2023. Bonds are due annually on January 1st, and interest is due semi-annually on January 1st and July 1st. Interest ranges from 2% to 3%. Proceeds of this bond were used to advance refund \$9,400,000 of outstanding General Obligation School Bonds – Series 2005.

Debt service to maturity of these bonds is as follows:

Fiscal Year			
Due	Principal	Interest	Total
2023	\$ 2,010,000	60,300	2,070,300
Totals	<u>\$ 2,010,000</u>	<u>60,300</u>	<u>2,070,300</u>

General Obligation Refunding School Bonds – Series 2014C

On October 16, 2014, the District issued \$21,900,000 in \$5,000 denomination general obligation school refunding bonds. The bonds' final maturity is January 1, 2027. Bonds are due annually on January 1st, and interest is due semi-annually on January 1st and July 1st. Interest ranges from 2% to 3%. Proceeds of this bond were used to advance refund \$21,900,000 of outstanding General Obligation School Bonds – Series 2005.

Debt service to maturity of these bonds is as follows:

Fiscal Year			
Due	Principal	Interest	Total
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	4,125,000	123,750	4,248,750
Totals	<u>\$ 10,770,000</u>	<u>1,416,150</u>	<u>12,186,150</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 6: LONG-TERM DEBT OBLIGATIONS - (Continued)***Taxable General Obligation Bonds – Series 2020*

On December 29, 2020, the District issued \$8,930,000 in \$5,000 denomination general obligation school refunding bonds. The bonds' final maturity is January 1, 2025. Bonds are due annually on January 1st, and interest is due semi-annually on January 1st and July 1st. Interest ranges from 2% to 3%. Proceeds of this bond were used to advance refund \$8,675,000 of outstanding General Obligation Refunding School Bonds – Series 2012.

Debt service to maturity of these bonds is as follow:

Fiscal Year Due	Principal	Interest	Total
2023	\$ 170,000	87,600	257,600
2024	1,140,000	85,900	1,225,900
2025	7,450,000	74,500	7,524,500
Totals	\$ 8,760,000	248,000	9,008,000

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

Fiscal Year Due	Principal	Interest	Total
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	4,125,000	123,750	4,248,750
Totals	\$ 30,755,000	2,274,400	33,029,400

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, 2022, \$17,270,000 of defeased bonds remains outstanding.

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 7: LEGAL DEBT MARGIN**

Legal debt margin is the percent of the District's assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 6.9%. The District's legal debt margin limitation is as follows for the fiscal year ended June 30, 2022:

Assessed Valuation (2021)	<u>\$ 963,074,491</u>
Statutory Debt Limitation (6.9%)	<u>\$ 66,452,140</u>
Less: Applicable Debt	<u>31,231,347</u>
Legal Debt Margin	<u>\$ 35,220,793</u>

NOTE 8: FUND BALANCE PRESENTATION

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Following is a summary of how these balances are reported and definitions of the differences.

Fund	General Fund	Debt Services Fund	Transportation Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:	\$ 71,946	-	84,483	-	156,429
Restricted for:					
Debt Service	-	4,410,582	-	-	4,410,582
Municipal retirement	-	-	-	632,798	632,798
Tort immunity	248,739	-	-	-	248,739
Capital projects	-	-	-	495,167	495,167
Total restricted	<u>248,739</u>	<u>4,410,582</u>	<u>-</u>	<u>1,127,965</u>	<u>5,787,286</u>
Assigned to:					
Student activity funds	83,592	-	-	-	83,592
Transportation	-	-	2,171,835	-	2,171,835
Total Assigned	<u>83,592</u>	<u>-</u>	<u>2,171,835</u>	<u>-</u>	<u>2,255,427</u>
Unassigned	<u>19,920,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,920,044</u>
Total Fund Balances	<u>\$ 20,324,321</u>	<u>4,410,582</u>	<u>2,256,318</u>	<u>1,127,965</u>	<u>28,119,186</u>

A. *Nonspendable Fund Balance*

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

B. *Restricted Fund Balance*

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Debt Service and Special Revenue Funds are by definition restricted for these specified purposes. The District has several revenue sources received within different funds that also fall into these categories.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 8: FUND BALANCE PRESENTATION - (Continued)

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. The District's policy is such that, in governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 9: RISK MANAGEMENT- CLAIMS AND JUDGMENTS

The District is exposed to various risks of loss related to employee health benefits, worker's 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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS

The District's totals for pension-related amounts are reported in the accompanying financial statements as follows:

	Governmental Activities
Net pension liabilities (asset):	
IMRF	\$ (1,013,824)
TRS	1,762,158
Total net pension liabilities (asset)	<u>\$ 748,334</u>
Deferred outflows related to pensions:	
IMRF	\$ 371,549
TRS	1,118,804
Total deferred outflows	<u>\$ 1,490,353</u>
Deferred inflows related to pensions:	
IMRF	\$ 1,591,188
TRS	1,280,950
Total deferred inflows	<u>\$ 2,872,138</u>
Pension expense (benefit)	
IMRF	\$ 289,181
TRS	117,939
Total pension expense	<u>\$ 407,120</u>

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

General Information about the Pension Plan

Plan Description

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

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

General Information about the Pension Plan (Continued)

TRS issues a publicly available financial report that can be obtained at <http://trsil.org/financial/acfrs/fy2021>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 679-3675, option 2.

Benefits Provided

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

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

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

Public Act 100.0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and Tier II 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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2021 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On Behalf Contributions to TRS – The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2022, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$10,593,034 in pension contributions from the State of Illinois.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2022 were \$122,315 and are deferred because they were paid after the June 30, 2021 measurement date.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$47,775 were paid from federal and special trust funds that required employer contributions of \$4,926. These contributions are deferred because they were paid after the June 30, 2021 measurement date.

Employer Retirement Cost Contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

Employer Retirement Cost Contributions (Continued)

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2022, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the Net Pension Liability	\$ 1,762,158
State's proportionate share of the Net Pension Liability associated with the District	<u>147,687,547</u>
Total	<u>\$ 149,449,705</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2021, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2021, the District's proportion was 0.0022588495 percent, which was decrease of 5% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension revenue and expense of \$10,593,034 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,109	7,265
Net difference between projected and actual earnings on pension plan investments	-	118,200
Changes of assumptions	781	8,708
Changes in proportion and differences between employer contributions and proportionate share of contributions	974,661	1,146,777
Employer contributions subsequent to the measurement date	<u>133,253</u>	-
Total	<u>\$ 1,118,804</u>	<u>1,280,950</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

\$133,253 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflow (Inflow) of Resources</u>
2023	\$ (109,296)
2024	(173,776)
2025	(25,366)
2026	23,719
2027	(10,680)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Varies by amount of service credit
Investment rate of return	7%, net of pension plan investment expense, including inflation

In the June 30, 2021 actuarial valuation, mortality rates were based on the RP-2014 White Collar Annuitant Mortality Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2020 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2017.

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)***A. Teachers Retirement System of the State of Illinois (Continued)*

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	16.7%	6.2%
U.S. equities small/mid cap	2.2	7.4
International equities developed	10.6	6.9
Emerging market equities	4.5	9.2
U.S. bonds core	3.0	1.6
Cash equivalents	2.0	0.1
TIPS	1.0	0.8
International debt developed	1.0	0.4
Emerging international debt	4.0	4.4
Real estate	16.0	5.8
Private debt	10.0	6.5
Hedge funds	10.0	3.9
Private equity	15.0	10.4
Infrastructure	4.0	6.3
Total	100.0%	

Discount Rate

At June 30, 2021, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2020 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2021 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service costs 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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 2,182,396	1,762,158	1,413,094

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2021 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

B. *Illinois Municipal Retirement Defined Benefit Pension Plan*

IMRF Plan Description

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

Benefits Provided

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

B. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	70
Inactive plan members entitled to but not yet receiving benefits	211
Active plan members	<u>100</u>
Total	<u><u>381</u></u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

B. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2021 and fiscal year ended June 30, 2022 are summarized below. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Plan member required contribution rate	4.50%
District required contribution rate for 2021	9.82%
District required contribution rate for 2022	8.43%
District actual contributions for 2021	\$ 304,274
District actual contributions for fiscal year 2022	\$ 272,867

Net Pension Liability

The District's net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's net pension liability at December 31, 2021 was determined as follows:

Total pension liability	\$ 11,379,118
Plan fiduciary net position	<u>12,392,942</u>
Net pension liability	<u>\$ (1,013,824)</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% 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 according to an experience study from years 2017 to 2019.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, the Pub-2010, Amount Weighted, below-median income, General, Disables Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For Active Members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	(0.60)%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70 - 5.50
Cash Equivalents	<u>1%</u>	(0.90)%
Total	100%	

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

A schedule of changes in the net pension liability and related ratios can be found on Schedule B-1 of the Required Supplementary Information section of this report.

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% Decrease	Current Single Discount Rate Assumption	1% Increase
Total Pension Liability	\$ 12,626,533	11,379,118	10,387,653
Plan Fiduciary Net Position	12,392,942	12,392,942	12,392,942
Net Pension Liability (Asset)	<u>\$ 233,591</u>	<u>(1,013,824)</u>	<u>(2,005,289)</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 10: RETIREMENT FUND COMMITMENTS - (Continued)***C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)***Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the District recognized pension expense of \$289,181. At June 30, 2022, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,579	-
Net difference between projected and actual earnings on pension plan investments	213,388	1,573,726
Changes of assumptions	-	17,461
Total deferred amounts to be recognized in future periods	239,967	1,591,187
Employer contributions subsequent to the measurement date	131,582	-
Total	<u>\$ 371,549</u>	<u>1,591,187</u>

\$131,582 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ended December 31,	Net Deferred Outflow of Resources
2022	\$ (299,061)
2023	(516,086)
2024	(334,466)
2025	(201,607)
Total	<u>\$ (1,351,220)</u>

D. Social Security

Employees not qualifying for coverage under the Teachers' Retirement System 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 \$548,094, the total required contribution for the current year.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District's totals for OPEB-related amounts are reported in the accompanying financial statements as follows:

	Governmental Activities
Net OPEB liabilities:	
THIS	\$ 17,320,610
Postretirement health plan	126,396
Total net OPEB liabilities (asset)	<u>\$ 17,447,006</u>
Deferred outflows related to OPEB:	
THIS	\$ 1,749,256
Postretirement health plan	31,057
Total deferred outflows	<u>\$ 1,780,313</u>
Deferred inflows related to OPEB:	
THIS	\$ 7,512,413
Postretirement health plan	126,705
Total deferred inflows	<u>\$ 7,639,118</u>
OPEB expense (benefit)	
THIS	\$ 685,167
Postretirement health plan	3,887
Total OPEB expense	<u>\$ 689,054</u>

A. *THIS Fund Contributions*

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).

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

A. THIS Fund Contributions (Continued)

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.

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 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% 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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

A. *THIS Fund Contributions (Continued)*

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 0.90% of pay during the year ended June 30, 2022. State of Illinois contributions were \$189,799, 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 0.67% during the year ended June 30, 2022. For the year ended June 30, 2022, the employer paid \$141,295 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, 2022, 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	\$ 17,320,610
State's proportionate share that is associated with the employer	<u>17,320,650</u>
Total	<u>\$ 34,641,260</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. 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, 2021, relative to the contributions of all participating employers and the state during that period. At June 30, 2021, the employer's proportion was 0.078532%, which was an increase of 0.000248% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the employer recognized OPEB expense of \$685,167.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Notes to Basic Financial Statements
For the Year Ended June 30, 2022**

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

A. THIS Fund Contributions (Continued)

At June 30, 2022, 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	\$ -	810,237
Net difference between projected and actual earnings on OPEB plan investments	273	332
Changes in assumptions	5,980	6,485,788
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,601,708</u>	<u>216,056</u>
Total deferred amounts to be recognized in OPEB expense in future periods	1,607,961	7,512,413
OPEB contributions made subsequent to the measurement date	<u>141,295</u>	<u>-</u>
Total deferred amounts related to OPEB	<u>\$ 1,749,256</u>	<u>7,512,413</u>

OPEB contributions made subsequent to the measurement date of \$141,295 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:

2023	\$ (1,108,067)
2024	(1,107,979)
2025	(959,301)
2026	(735,288)
2027	(676,307)
Thereafter	(1,317,509)

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

A. *THIS Fund Contributions (Continued)*

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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Depends on service and ranges from 9.5% 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	2.75%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend for fiscal year 2022 based on expected increases used to develop average costs. For fiscal years after 2023, trend starts at 8.00% for non-Medicare costs and Medicare costs, and gradually decreases to an ultimate trend of 4.25%.

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.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2017.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

A. THIS Fund Contributions (Continued)

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 1.92% as of June 30, 2021.

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 1.92%, 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.

	1% Lower (0.92%)	Current Discount Rate (1.92%)	1% Higher (2.92%)
Employer's proportionate share of the net OPEB liability	<u>\$ 20,807,054</u>	<u>17,320,610</u>	<u>14,556,981</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 1% higher than current healthcare cost trend rates. The current claims trend rates are 8% in plan year end 2023, decreasing to an ultimate trend rate of 4.25% in plan year 2038.

	1% Lower (Varies)	Current Discount Rate (Varies)	1% Higher (Varies)
Employer's proportionate share of the net OPEB liability	<u>\$ 13,865,955</u>	<u>17,320,610</u>	<u>22,013,311</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

B. 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 coverage through the District plan on a 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, 2022, 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	362
Total	<u>366</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

B. Postretirement Health Plan (Continued)

Total OPEB Liability

The District's total OPEB liability of \$126,396 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021, 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, 2022. Mortality rates were based on the 2020 IMRF Actuarial Valuation Report.

The actuarial assumptions used in the July 1, 2021 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, 2022 were as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	<u>\$ 130,273</u>
Changes for the year:	
Service cost	12,017
Interest on the total OPEB liability	2,798
Benefit payments	(3,848)
Changes of assumptions or other inputs	<u>(14,844)</u>
Net changes	<u>(3,877)</u>
Balance at June 30, 2022	<u><u>\$ 126,396</u></u>

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

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Basic Financial Statements
For the Year Ended June 30, 2022****NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)***B. Postretirement Health Plan (Continued)*Sensitivity of the total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB Liability	\$ 133,905	126,396	119,445

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB Liability	\$ 116,734	126,396	137,484

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$3,887.

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, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,712	54,247
Changes in assumptions	22,345	72,458
Total	\$ 31,057	126,705

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

B. Postretirement Health Plan (Continued)

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

2023	\$ (10,598)
2024	(10,598)
2025	(10,598)
2026	(10,598)
2027	(10,841)
Thereafter	11,258

Actuarial Methods and Assumptions

<u>Actuarial Assumptions</u>	
Discount Rate	4.00%
Salary Rate Increase	4.00%
Expected Rate of Return on Assets	Not Applicable
Health Care Trend:	5.50%
Life Insurance	0.00% for all years
Retiree Contribution Trend	Same as Health Care Trend
Mortality, Retirement, Withdrawal, and Disability Rates	IMRF Employees: Rates from December 31, 2020 IMRF Actuarial Valuation Report TRS Employees: Rates from the June 30, 2021 TRS Actuarial Valuation Report
Election at Retirement	10% of future IMRF employees are assumed to elect District medical insurance at retirement. 50% of future retirees are assumed to elect life insurance coverage at retirement.
Marital Status	40% of active IMRF employees electing retiree medical coverage are assumed to be married and to elect spousal coverage with males three years older than females.

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 NO. 161

Notes to Basic Financial Statements For the Year Ended June 30, 2022

NOTE 12: INTERGOVERNMENTAL AGREEMENTS

The District and Union School District #81 entered into a food service agreement. The District will reimburse the actual costs of the meals plus operating costs incurred. The District paid \$492,757 to District #81 for food services for the year ended June 30, 2022.

NOTE 13: JOINTLY GOVERNED ORGANIZATIONS

The Lincoln-Way Area Special Education District (LWASE) is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the six member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. During fiscal year 2022, the District paid \$1,430,401 to LWASE.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 16, 2022, which is the date the financial statement were available to be issued, and there were no such events required to be recorded or disclosed in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
Revenues:			
Local Sources:			
Property Taxes	\$ 31,575,000	31,384,370	190,630
Corporate Personal Property Tax	102,122	-	102,122
Interest on Investments	180,000	13,534	166,466
Other Income	493,545	1,078,611	(585,066)
Total Local Sources:	32,350,667	32,476,515	(125,848)
State Sources:			
Evidence Based Funding Formula	2,702,800	2,822,015	(119,215)
Grants-in-aid	259,769	104,418	155,351
Total State Sources:	2,962,569	2,926,433	36,136
Federal Sources:			
Grants-in-aid	2,398,624	2,411,653	(13,029)
On Behalf Revenues	9,175,000	10,782,833	(1,607,833)
Total Revenues	46,886,860	48,597,434	(1,710,574)
Expenditures:			
Instruction	22,756,010	22,552,708	203,302
Support Services			
Pupil Support	3,254,100	3,117,824	136,276
Instructional Staff	1,134,140	1,002,602	131,538
General administration	1,259,950	1,184,248	75,702
School administration	1,541,200	1,505,950	35,250
Business	5,615,776	4,881,250	734,526
Central	1,550,200	1,341,492	208,708
Community Services	-	13,038	(13,038)
Payments to Other Districts and Government Units	1,183,590	879,884	303,706
On Behalf Expenditures	9,175,000	10,782,833	(1,607,833)
Total Expenditures	47,469,966	47,261,829	208,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (583,106)	1,335,605	1,918,711
Fund Balance, Beginning of Year		18,988,716	
Fund Balance, End of Year		\$ 20,324,321	

SUMMIT HILL SCHOOL DISTRICT NO. 161
TRANSPORTATION FUND

SCHEDULE A-2

Statement of Revenues, Expenditures and Change in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
Revenues:			
Local Sources:			
Property Taxes	\$ 425,000	426,506	(1,506)
Corporate Personal Property Tax	-	269,230	(269,230)
Interest on Investments	37,000	1,460	35,540
Miscellaneous Revenues	-	128,659	(128,659)
Total Local Sources:	462,000	825,855	(363,855)
State Sources:			
Evidence Based Funding Formula	268,000	140,000	128,000
Regular/Vocational Transportation	790,000	868,990	(78,990)
Special Education Transportation	200,000	464,974	(264,974)
Total State Sources:	1,258,000	1,473,964	(215,964)
Total Revenues	1,720,000	2,299,819	(579,819)
Expenditures:			
Support Services:			
Pupil Transportation Services:			
Salaries	65,000	51,510	13,490
Employee Benefits	13,000	13,206	(206)
Total Pupil Transportation Services	78,000	64,716	13,284
Total Support Services	78,000	64,716	13,284
Payments to Other Districts & Governments:			
Regular Programs	1,773,000	1,638,576	134,424
Special Education Programs	581,000	592,545	(11,545)
Total Payments to Other Districts & Governments	2,354,000	2,231,121	122,879
Total Expenditures	2,432,000	2,295,837	136,163
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (712,000)	3,982	(715,982)
Fund Balance, Beginning of Year		2,252,336	
Fund Balance, End of Year		\$ 2,256,318	

Schedule of Changes in Net Pension Liability and Related Ratios

Illinois Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios										
Calendar Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service Cost	\$ 295,665	301,050	295,676	256,341	274,312	279,700	246,697	214,414	-	-
Interest on the Total Pension Liability	775,894	736,247	692,087	638,328	599,900	575,979	521,117	456,897	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	13,109	84,248	81,686	283,900	262,047	(244,361)	177,889	64,447	-	-
Assumption Changes	-	(78,861)	-	267,698	(244,622)	(19,325)	19,053	311,372	-	-
Benefit Payments and Refunds	(519,410)	(466,857)	(459,211)	(402,696)	(337,852)	(243,923)	(214,533)	(199,471)	-	-
Net Change in Total Pension Liability	565,258	575,827	610,238	1,043,571	553,785	348,070	750,223	847,659	-	-
Total Pension Liability - Beginning	10,813,860	10,238,033	9,627,795	8,584,224	8,030,439	7,682,369	6,932,146	6,084,487	-	-
Total Pension Liability - Ending	<u>\$ 11,379,118</u>	<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>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ 304,274	300,990	241,984	251,393	248,039	236,709	256,640	203,200	-	-
Employee Contributions	136,657	137,080	127,212	119,936	113,004	121,692	112,854	88,748	-	-
Pension Plan Net Investment Income	1,778,732	1,338,727	1,489,570	(449,021)	1,189,470	449,031	32,556	366,342	-	-
Benefit Payments and Refunds	(519,410)	(466,857)	(459,211)	(402,696)	(337,852)	(243,923)	(214,533)	(199,471)	-	-
Other	46,186	39,234	43,222	160,469	(147,572)	30,782	(106,158)	15,545	-	-
Net Change in Plan Fiduciary Net Position	1,746,439	1,349,174	1,442,777	(319,919)	1,065,089	594,291	81,359	474,364	-	-
Plan Fiduciary Net Position - Beginning	10,646,503	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 - Ending	<u>\$ 12,392,942</u>	<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>	<u>-</u>	<u>-</u>
Net Pension Liability (Asset)	<u>\$ (1,013,824)</u>	<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>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.91%	98.45%	90.81%	81.58%	95.23%	88.53%	84.81%	92.81%	N/A	N/A
Covered Valuation Payroll	\$ 3,037,958	2,994,923	2,826,903	2,663,071	2,495,371	2,435,280	2,477,210	2,230,797	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	-33.37%	5.59%	33.28%	66.59%	16.42%	37.82%	47.12%	22.34%	N/A	N/A

Notes to Schedule:

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

Schedule of Contributions

Illinois Municipal Retirement Fund

Calendar Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
12/31/2021	\$ 298,327	304,274	(5,947)	3,037,958	10.02%
12/31/2020	300,990	300,990	-	2,994,923	10.05%
12/31/2019	241,983	241,984	(1)	2,826,903	8.56%
12/31/2018	251,394	251,393	1	2,663,071	9.44%
12/31/2017	248,040	248,039	1	2,495,371	9.94%
12/31/2016	236,709	236,709	-	2,435,280	9.72%
12/31/2015	256,639	256,640	(1)	2,477,210	10.36%
12/31/2014	229,995	203,200	26,795	2,230,797	9.11%

Notes to Schedule:Valuation Date:

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

Methods and Assumptions Used to Determine 2021 Contribution Rate:

<i>Actuarial Cost Method</i>	Aggregate Entry Age Normal
<i>Amortization Method</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period</i>	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 22-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed over 28 years).
<i>Asset Valuation Method</i>	5-Year smoothed market; 20% corridor
<i>Wage Growth</i>	3.25%
<i>Price Inflation</i>	2.50%
<i>Salary Increases</i>	3.35% to 14.25% including inflation
<i>Investment Rate of Return</i>	7.25%
<i>Retirement Age</i>	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 2014-2016.
<i>Mortality</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

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

There were no benefit changes during the year.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Teachers' Retirement System of the State of Illinois

SCHEDULE B-3

Schedule of the District's Share of the Net Pension Liability

	Fiscal Year*						
	2021	2020	2019	2018	2017	2016	2015
The District's Proportion of the Net Pension Liability	0.00226%	0.00237%	0.00098%	0.00405%	0.00261%	0.00450%	0.00290%
The District's Proportionate Share of the Net Pension Liability	\$ 1,762,158	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 Associated with the District	147,687,547	160,148,916	56,751,338	216,073,187	131,021,342	145,852,272	112,782,023
Total	\$ 149,449,705	162,193,583	57,548,756	219,227,347	133,015,123	149,400,921	114,711,394
The District's Covered-Employee Payroll	\$ 20,388,158	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 Covered Payroll	8.64%	10.32%	4.31%	17.38%	11.33%	19.56%	11.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.10%	37.80%	39.60%	40.00%	39.30%	36.40%	41.50%

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

SCHEDULE B-4

Schedule of Contributions

	Fiscal Year						
	2022	2021	2020	2019	2018	2017	2016
Statutorily-Required Contribution	\$ 122,315	118,251	130,406	114,401	112,645	103,322	102,048
Contributions in Relation to the Statutorily-Required Contribution	122,315	118,251	130,651	114,460	175,945	103,322	102,048
Contribution Deficiency (Excess)	\$ -	-	(245)	(59)	(63,300)	-	-
District's Covered-Employee Payroll	\$ 21,088,796	20,388,158	19,804,511	18,509,203	18,147,007	17,594,433	18,140,676
Contributions as a Percentage of Covered-Employee Payroll	0.58%	0.58%	0.66%	0.62%	0.97%	0.59%	0.56%

Notes to Schedule:

For the 2021 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.25 percent and a real return of 4.75 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated Sept. 30, 2021.

For the 2020-2016 measurement years, the assumed investment rate of return was 7.0, including an inflation rate of 2.50 percent and a real return of 4.50 percent. Salary increases were assumed to vary by service credit. The assumptions used for the 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 18, 2018 and August 13, 2015, respectively.

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

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

Teachers' Health Insurance Security Fund of the State of Illinois

SCHEDULE B-5

Schedule of the District's Share of the Net OPEB Liability

	Fiscal Year*				
	2021	2020	2019	2018	2017
The District's Proportion of the Net OPEB Liability	0.07853%	0.07828%	0.07598%	0.07171%	0.07742%
The District's Proportionate Share of the Net OPEB Liability	\$ 17,320,610	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	17,320,650	28,354,229	28,475,543	26,832,486	26,381,859
Total	<u>\$ 34,641,260</u>	<u>49,284,066</u>	<u>49,504,243</u>	<u>46,815,208</u>	<u>46,470,867</u>
The District's Covered-Employee Payroll	\$ 20,388,158	19,804,511	18,509,203	18,147,004	17,814,138
District's Proportionate Share of the Net OPEB Liability	84.95%	105.68%	113.61%	110.12%	112.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.42%	0.70%	0.25%	-0.07%	-0.02%

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

SCHEDULE B-6

Schedule of Contributions

	Fiscal Year				
	2022	2021	2020	2019	2018
Statutorily-Required Contribution	\$ 141,295	187,571	182,202	170,285	159,694
Contributions in Relation to the Statutorily-Required Contribution	141,295	187,571	182,202	170,285	159,694
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 21,088,796	20,388,158	19,804,511	18,509,203	18,147,007
Contributions as a Percentage of Covered-Employee Payroll	0.67%	0.92%	0.92%	0.92%	0.88%

Notes to Schedule:

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Postretirement Health PlanSchedule of Changes in OPEB Liability and Related Ratios

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 12,016	11,556	22,497	21,435	8,082
Interest	2,798	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	(14,843)	(14,692)	1,436	(4,171)	18,316
Benefit payments	(3,848)	-	(5,728)	(3,545)	(9,971)
Changes of benefit terms	-	-	(386)	(29,384)	(26,403)
Net change in total OPEB liability	(3,877)	(47,637)	22,107	(31,269)	15,035
Total OPEB Liability - Beginning	130,273	177,910	155,803	187,072	172,037
Total OPEB Liability - Ending	<u>\$ 126,396</u>	<u>130,273</u>	<u>177,910</u>	<u>155,803</u>	<u>187,072</u>
District's Covered-Employee Payroll	\$ 18,864,925	19,050,810	19,472,563	19,472,563	18,589,502
Total OPEB Liability as a Percentage of the Covered Valuation Payroll	0.67%	0.68%	0.91%	0.80%	1.01%

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Required Supplementary Information For the Year Ended June 30, 2022

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Annual budgets for all governmental funds are adopted on a basis consistent with generally accepted accounting principles.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. There were no outstanding encumbrances at year-end.

The District's fiscal year 2022 budget was adopted on September 15, 2021 and was not amended.

NOTE 2: BUDGETARY PROCEDURES

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

- Administration submits to the Board of Education proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed disbursements and the means of financing them.
- Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- 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.
- The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions which change the total budgeted expenditures of any fund must be made by the Board of Education using the same procedures required of its original adoption. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund.
- Formal Budgetary integration is employed as a management control device during the year.
- The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

SUMMIT HILL SCHOOL DISTRICT NO. 161**Notes to Required Supplementary Information
For the Year Ended June 30, 2022****NOTE 3: EXPENDITURES IN EXCESS OF APPROPRIATIONS – MAJOR FUNDS**

The following is a summary of budget and actual results for the District's major governmental funds:

Fund	Revenues			Expenditures		
	Budget	Actual	Variance	Budget	Actual	Variance
General Fund:						
Educational Fund	\$ 41,436,360	43,474,284	2,037,924	42,451,500	43,086,633	(635,133)
Operations & Maintenance Fund	4,800,000	4,410,687	(389,313)	4,718,266	3,886,663	831,603
Tort Fund	325,000	376,723	51,723	300,200	288,533	11,667
Working Cash Fund	325,000	335,740	10,740	-	-	-
Total General Fund	<u>\$ 46,886,360</u>	<u>48,597,434</u>	<u>1,711,074</u>	<u>47,469,966</u>	<u>47,261,829</u>	<u>208,137</u>
Transportation Fund	<u>\$ 1,720,000</u>	<u>2,299,819</u>	<u>579,819</u>	<u>2,432,000</u>	<u>2,295,837</u>	<u>136,163</u>

The excess of revenues and expenditures over the budgeted amount in the Educational Fund is primarily due to on-behalf payments which were higher than the budgeted amount.

OTHER INFORMATION

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-1

Combining Balance Sheet
June 30, 2022

	Educational Fund	Operations & Maintenance Fund	Tort Fund	Working Cash Fund	Total
<u>Assets</u>					
Cash in bank	\$ 12,685,143	2,407,531	265,092	7,765,187	23,122,953
Entitlements receivable	421,478	-	-	-	421,478
Property tax receivable	12,353,696	2,087,318	181,856	159,013	14,781,883
Prepaid expenditures	71,946	-	-	-	71,946
Total Assets	<u>\$ 25,532,263</u>	<u>4,494,849</u>	<u>446,948</u>	<u>7,924,200</u>	<u>38,398,260</u>
<u>Liabilities</u>					
Accounts payable	\$ 258,909	334,424	4,535	-	597,868
Accrued salaries	1,669,616	11,966	-	-	1,681,582
Payroll liabilities	1,981	-	-	-	1,981
	<u>1,930,506</u>	<u>346,390</u>	<u>4,535</u>	<u>-</u>	<u>2,281,431</u>
<u>Deferred Inflows of Resources</u>					
Property taxes levied for subsequent years	13,156,522	2,222,966	193,674	169,346	15,742,508
Unearned revenue	-	50,000	-	-	50,000
Total deferred inflows of resources	<u>13,156,522</u>	<u>2,272,966</u>	<u>193,674</u>	<u>169,346</u>	<u>15,792,508</u>
<u>Fund Balances</u>					
Nonspendable	71,946	-	-	-	71,946
Assigned	83,592	-	-	-	83,592
Restricted	-	-	248,739	-	248,739
Unassigned	10,289,697	1,875,493	-	7,754,854	19,920,044
Total Fund Balances	<u>10,445,235</u>	<u>1,875,493</u>	<u>248,739</u>	<u>7,754,854</u>	<u>20,324,321</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 25,532,263</u>	<u>4,494,849</u>	<u>446,948</u>	<u>7,924,200</u>	<u>38,398,260</u>

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Educational Fund	Operations & Maintenance Fund	Tort Fund	Working Cash Fund	Year Ended June 30, 2022
Revenues:					
Local Revenues	\$ 27,353,365	4,410,687	376,723	335,740	32,476,515
State Revenues	2,926,433	-	-	-	2,926,433
Federal Revenues	2,411,653	-	-	-	2,411,653
On Behalf Payments	10,782,833	-	-	-	10,782,833
Total Revenues Received	43,474,284	4,410,687	376,723	335,740	48,597,434
Expenditures:					
Current:					
Instruction	22,552,708	-	-	-	22,552,708
Support Services					
Pupil Support	3,117,824	-	-	-	3,117,824
Instructional Staff	1,002,602	-	-	-	1,002,602
General administration	895,715	-	288,533	-	1,184,248
School administration	1,505,950	-	-	-	1,505,950
Business	1,070,538	3,810,712	-	-	4,881,250
Central	1,341,492	-	-	-	1,341,492
Intergovernmental:					
Payments to Other Schools	803,933	75,951	-	-	879,884
Community Services	13,038	-	-	-	13,038
On Behalf Payments	10,782,833	-	-	-	10,782,833
Total Expenditures	43,086,633	3,886,663	288,533	-	47,261,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	387,651	524,024	88,190	335,740	1,335,605
Fund Balance, Beginning of Year	10,057,584	1,351,469	160,549	7,419,114	18,988,716
Fund Balance, End of Year	\$ 10,445,235	1,875,493	248,739	7,754,854	20,324,321

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund</u>			
Revenues:			
Local Sources:			
General Property Taxes	\$ 26,000,000	25,780,518	219,482
Special Education Taxes	525,000	515,785	9,215
Corporate Personal Property Tax	9,922	-	9,922
Regular Tuition from Pupils	1,000	122,763	(121,763)
Summer School Tuition from Pupils	500	19,490	(18,990)
Interest on Investments	160,000	5,854	154,146
Food Sales:			
Lunch	-	93,360	(93,360)
Athletic Admissions	12,000	13,126	(1,126)
Fees	33,000	21,272	11,728
Other Activity Revenue	-	638	(638)
Student Activity Fund Revenue	40,000	138,604	(98,604)
Textbook Rentals	16,500	258,382	(241,882)
Other Local Revenues	390,545	383,573	6,972
Total Local Sources	27,188,467	27,353,365	(164,898)
State Programs:			
Evidence Based Funding Formula	2,700,000	2,822,015	(122,015)
Special Education - Private Facility Tuition	133,000	96,292	36,708
State Free Lunch and Breakfast	500	4,028	(3,528)
State Library Grant	76,269	4,098	72,171
Total State Programs	2,909,769	2,926,433	(16,664)

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-3
(CONTINUED)

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Revenues (continued):			
Federal Programs:			
National School Lunch Program	\$ -	504,896	(504,896)
Summer Food Service Program	535,000	-	535,000
Other Food Services	500	-	500
Title I - Low Income	104,655	177,647	(72,992)
Title IV - Safe & Drug Free Schools	10,000	7,899	2,101
Title II - Teacher Quality	42,746	65,428	(22,682)
Medicaid Reimbursement	28,000	35,351	(7,351)
Medicaid Fee-For Service	59,000	98,449	(39,449)
IDEA Preschool Grant	18,666	11,802	6,864
IDEA Other	11,500	-	11,500
Special Ed - IDEA - Part B - Flow-through	529,826	630,373	(100,547)
Title III - Language Inst Program	14,960	12,966	1,994
Food Commodities	-	13,279	(13,279)
ESSER grant	808,771	853,563	(44,792)
Total Federal Programs	2,163,624	2,411,653	(248,029)
On Behalf Payments	9,175,000	10,782,833	(1,607,833)
Total Revenues	41,436,860	43,474,284	(2,037,424)
Expenditures:			
Instruction:			
Regular Programs:			
Salaries	12,776,910	12,384,463	392,447
Employee Benefits	1,622,400	1,498,021	124,379
Purchased Services	376,200	217,426	158,774
Supplies and Materials	471,000	856,866	(385,866)
Non-Capitalized Equipment	-	94,034	(94,034)
Total Regular Programs	15,246,510	15,050,810	195,700
Special Education Programs:			
Salaries	3,669,000	3,422,218	246,782
Employee Benefits	639,000	592,602	46,398
Purchased Services	125,000	167,237	(42,237)
Supplies and Materials	44,000	38,961	5,039
Total Special Education Programs	4,477,000	4,221,018	255,982
Special Education Programs Pre-K:			
Salaries	260,000	305,393	(45,393)
Employee Benefits	33,000	33,165	(165)
Supplies and Materials	1,000	1,094	(94)
Total Special Education Programs Pre-K	294,000	339,652	(45,652)

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-3
(CONTINUED)

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Expenditures (continued):			
Instruction (continued):			
Remedial and Supplemental Programs Pre-K:			
Salaries	\$ 1,032,400	1,003,169	29,231
Employee Benefits	125,000	110,017	14,983
Purchased Services	28,000	6,912	21,088
Supplies and Materials	26,000	76,106	(50,106)
Total Remedial Programs Pre-K	1,211,400	1,196,204	15,196
Interscholastic Programs:			
Salaries	575,200	640,224	(65,024)
Employee Benefits	21,600	22,820	(1,220)
Purchased Services	18,000	23,986	(5,986)
Supplies and Materials	25,000	13,730	11,270
Other Objects	7,300	6,423	877
Total Interscholastic Programs	647,100	707,183	(60,083)
Summer School Programs:			
Salaries	20,000	38,546	(18,546)
Employee Benefits	4,000	3,711	289
Supplies & Materials	5,000	1,874	3,126
Total Summer School Programs	29,000	44,131	(15,131)
Bilingual Programs:			
Salaries	375,500	392,259	(16,759)
Employee Benefits	49,800	52,144	(2,344)
Purchased Services	6,300	5,318	982
Supplies and Materials	12,900	4,260	8,640
Total Bilingual Programs	444,500	453,981	(9,481)
Regular K-12 Programs Private Tuition:			
Other Objects	14,000	14,021	(21)
Special Education Programs K-12 Private Tuition			
Total Private Tuition	352,500	382,877	(30,377)
Student Activity Fund Expenditures	40,000	142,831	(102,831)
Total Instruction	22,756,010	22,552,708	203,302

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-3
(CONTINUED)

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Expenditures (continued):			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 864,000	763,308	100,692
Employee Benefits	135,000	119,217	15,783
Purchased Services	1,000	7,749	(6,749)
Supplies and Materials	9,300	5,814	3,486
Total Attendance and Social Work Services	1,009,300	896,088	113,212
Guidance Services:			
Salaries	145,000	142,816	2,184
Employee Benefits	17,000	16,125	875
Purchased Services	500	-	500
Supplies and Materials	-	489	(489)
Total Guidance Services	162,500	159,430	3,070
Health Services:			
Salaries	225,000	252,305	(27,305)
Employee Benefits	75,200	63,518	11,682
Purchased Services	222,000	214,440	7,560
Supplies and Materials	24,000	9,985	14,015
Total Health Services	546,200	540,248	5,952
Psychological Services:			
Salaries	401,000	382,311	18,689
Employee Benefits	65,600	54,523	11,077
Purchased Services	3,000	18,580	(15,580)
Supplies and Materials	8,500	5,039	3,461
Total Psychological Services	478,100	460,453	17,647
Speech Pathology and Audiology Services:			
Salaries	913,000	921,419	(8,419)
Employee Benefits	108,000	90,715	17,285
Purchased Services	14,600	1,120	13,480
Supplies and Materials	5,200	4,585	615
Total Speech Pathology and Audiology Services	1,040,800	1,017,839	22,961
Other Support Services - Pupils:			
Supplies and Materials	17,200	43,766	(26,566)

**SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND**

**SCHEDULE C-3
(CONTINUED)**

**Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022**

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Expenditures (continued):			
Support Services (continued):			
Improvement of Instruction Services:			
Salaries	\$ 578,000	510,998	67,002
Employee Benefits	118,000	105,217	12,783
Purchased Services	108,000	95,293	12,707
Supplies and Materials	43,000	13,013	29,987
Other Objects	500	399	101
Total Improvement of Instruction Services	847,500	724,920	122,580
Educational Media Services:			
Salaries	150,000	151,180	(1,180)
Employee Benefits	46,000	35,538	10,462
Supplies and Materials	25,000	39,232	(14,232)
Total Educational Media Services	221,000	225,950	(4,950)
Assessment and Testing:			
Salaries	7,200	-	7,200
Employee Benefits	1,440	-	1,440
Purchased Services	5,000	9,912	(4,912)
Supplies and Materials	52,000	41,820	10,180
Total Assessment and Testing	65,640	51,732	13,908
Board of Education Services:			
Purchased Services	235,000	151,758	83,242
Supplies and Materials	8,000	32,024	(24,024)
Other Objects	-	6,358	(6,358)
Total Board of Education Services	243,000	190,140	52,860
Executive Administration Services:			
Salaries	323,000	330,827	(7,827)
Employee Benefits	62,000	48,605	13,395
Purchased Services	2,000	298	1,702
Supplies and Materials	3,000	4,821	(1,821)
Other Objects	2,000	2,210	(210)
Total Executive Administration Services	392,000	386,761	5,239
Special Area Administration Services:			
Salaries	285,000	281,713	3,287
Employee Benefits	39,000	36,538	2,462
Supplies and Materials	250	154	96
Other Objects	500	409	91
Total Special Area Administration Services	324,750	318,814	5,936

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-3
(CONTINUED)

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Expenditures (continued):			
Support Services (continued):			
Office of the Principal Services:			
Salaries	\$ 1,233,000	1,218,782	14,218
Employee Benefits	290,000	277,397	12,603
Purchased Services	100	-	100
Supplies	13,500	5,386	8,114
Other Objects	4,600	4,385	215
Total Office of the Principal Services	1,541,200	1,505,950	35,250
Direction of Business Support Services:			
Salaries	135,000	134,555	445
Employee Benefits	27,000	21,940	5,060
Total Direction of Business Support Services:	162,000	156,495	5,505
Fiscal Services:			
Salaries	100,000	99,727	273
Employee Benefits	16,700	16,095	605
Purchased Services	29,000	44,889	(15,889)
Supplies and Materials	4,000	3,947	53
Other Objects	8,400	4,728	3,672
Total Fiscal Services	158,100	169,386	(11,286)
Operation & Maintenance of Plant Services:			
Purchased Services	5,000	46,122	(41,122)
Food Services:			
Salaries	75,000	88,158	(13,158)
Purchased Services	471,000	492,757	(21,757)
Supplies and Materials	82,010	60,423	21,587
Total Food Services	628,010	641,338	(13,328)
Internal Services:			
Purchased Services	75,000	54,543	20,457
Supplies and Materials	1,400	2,654	(1,254)
Total Internal Services	76,400	57,197	19,203
Information Services:			
Purchased Services	15,200	14,981	219
Staff Services:			
Purchased Services	17,800	17,746	54

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-3
(CONTINUED)

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Educational Fund (Cont.)</u>			
Expenditures (continued):			
Support Services (continued):			
Data Processing Services:			
Salaries	\$ 433,500	412,959	20,541
Employee Benefits	86,700	77,609	9,091
Purchased Services	400,000	279,454	120,546
Supplies and Materials	417,000	359,233	57,767
Capital Outlay	180,000	179,510	490
Total Data Processing Services	1,517,200	1,308,765	208,435
Total Support Services	9,468,900	8,934,121	534,779
Community Service:	-	13,038	(13,038)
Payments to Other Governmental Units:			
Payments for Special Education Programs			
Purchased Services	1,050,000	563,113	486,887
Other Objects	1,590	239,758	(238,168)
Other Payments	-	1,062	(1,062)
Total Payments to Other Governmental Units	1,051,590	803,933	247,657
On Behalf Payments	9,175,000	10,782,833	(1,607,833)
Total Expenditures	42,451,500	43,086,633	(635,133)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,014,640)	387,651	(1,402,291)
Fund Balance, Beginning of Year		10,057,584	
Fund Balance, End of Year		\$ 10,445,235	

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
Operations & Maintenance Fund			
Revenues:			
Local Sources:			
Property Taxes	\$ 4,400,000	4,402,619	(2,619)
Corporate Personal Property Tax	92,200	-	92,200
Interest on Investments	20,000	1,432	18,568
Rentals	-	1,575	(1,575)
Other Revenues	-	5,061	(5,061)
Total Local Sources	4,512,200	4,410,687	101,513
State Sources:			
Evidence Based Funding Formula	2,800	-	2,800
State Infrastructure - Maintenance Projects	50,000	-	50,000
Total State Sources:	52,800	-	52,800
Federal Sources:			
Other Restricted Grants Received from Federal Government Through State	235,000	-	235,000
Total Federal Sources	235,000	-	235,000
Total Revenues	4,800,000	4,410,687	389,313
Expenditures:			
Support Services:			
Operations/Maintenance of Plant:			
Salaries	501,000	457,262	43,738
Employee Benefits	134,000	113,503	20,497
Purchased Services	2,279,000	1,593,892	685,108
Supplies and Materials	998,266	1,318,876	(320,610)
Capital Outlay	674,000	327,179	346,821
Total Operations/Maintenance of Plant:	4,586,266	3,810,712	775,554
Total Support Services	4,586,266	3,810,712	775,554
Payments to Other Districts:			
Special Education Programs	132,000	75,951	56,049
Total Expenditures	4,718,266	3,886,663	831,603
Excess of Revenues Over (Under) Expenditures	\$ 81,734	524,024	(442,290)
Fund Balance, Beginning of Year		1,351,469	
Fund Balance, End of Year		\$ 1,875,493	

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-5

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Actual Year Ended June 30, 2022	(Over) / Under Budget
<u>Tort Fund</u>			
Revenues:			
Local Sources:			
Property Taxes	\$ 325,000	354,888	(29,888)
Interest Income	-	1,068	(1,068)
Other Local Revenues	-	20,767	(20,767)
Total Revenues	325,000	376,723	(51,723)
Expenditures:			
Support:			
Risk Management and Claims Services			
Purchased Services	300,200	288,533	11,667
Total Expenditures	300,200	288,533	11,667
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 24,800	88,190	(63,390)
Fund Balance, Beginning of Year		160,549	
Fund Balance, End of Year		\$ 248,739	

SUMMIT HILL SCHOOL DISTRICT NO. 161
GENERAL FUND

SCHEDULE C-6

Statement of Revenues, Expenditures and Change in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

	Original & Final Budget	Year Ended June 30, 2022	(Over) / Under Budget
<u>Working Cash</u>			
Revenues:			
Local Sources:			
Property Taxes	\$ 325,000	330,560	(5,560)
Interest on Investments	-	5,180	(5,180)
Total Revenues	325,000	335,740	(10,740)
Expenditures:	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 325,000</u>	335,740	<u>(10,740)</u>
Fund balance, Beginning of Year		7,419,114	
Fund balance, End of Year		<u>\$ 7,754,854</u>	

SUMMIT HILL SCHOOL DISTRICT NO. 161
BOND AND INTEREST FUND

SCHEDULE C-7

Balance Sheet
June 30, 2022

<u>Assets</u>	
Cash	\$ 4,613,937
Property tax receivable	3,129,185
Total assets	<u>\$ 7,743,122</u>
<u>Deferred Inflows of Resources</u>	
Property taxes levied for subsequent years	\$ 3,332,540
<u>Fund Balance</u>	
Restricted Fund Balance	4,410,582
Total deferred inflows of resources and fund balance	<u>\$ 7,743,122</u>

Statement of Revenues, Expenditures
and Change in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

SCHEDULE C-8

	<u>Original & Final Budget</u>	<u>Year Ended June 30, 2022</u>	<u>(Over) / Under Budget</u>
Revenues:			
Local Sources:			
Property Taxes	\$ 6,428,000	6,519,304	(91,304)
Interest on Investments	-	3,164	(3,164)
Other Local Revenues	-	14	(14)
Total Revenues	<u>6,428,000</u>	<u>6,522,482</u>	<u>(94,482)</u>
Expenditures:			
Debt Service:			
Interest on Long-Term Debt	960,347	881,000	79,347
Principal on Long-Term Debt	5,370,000	5,370,000	-
Other	2,000	2,222	(222)
Total Expenditures	<u>6,332,347</u>	<u>6,253,222</u>	<u>79,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 95,653</u>	<u>269,260</u>	<u>(173,607)</u>
Fund Balance, Beginning of Year		<u>4,141,322</u>	
Fund Balance, End of Year		<u>\$ 4,410,582</u>	

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Social Security and IMRF Fund	Capital Projects Fund	Total Nonmajor Governmental Funds June 30, 2022
<u>Assets</u>			
Cash	\$ 697,129	495,167	1,192,296
Property tax receivable	523,173	-	523,173
Total Assets	<u>\$ 1,220,302</u>	<u>495,167</u>	<u>1,715,469</u>
<u>Liabilities</u>			
Payroll liabilities	\$ 30,332	-	30,332
<u>Deferred Inflows of Resources</u>			
Property taxes levied for subsequent years	557,172	-	557,172
<u>Fund Balance</u>			
Restricted	632,798	495,167	1,127,965
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,220,302</u>	<u>495,167</u>	<u>1,715,469</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2022

	Special Revenue Social Security and IMRF Fund	Capital Projects Fund	Total Nonmajor Governmental Funds Year Ended June 30, 2022
Revenues:			
Local Sources:			
Property Taxes	\$ 1,090,487	-	1,090,487
Impact Fees	-	38,756	38,756
Interest on Investments	723	408	1,131
State Sources:			
Evidence Based Funding Formula	27,000	-	27,000
Total Revenues	1,118,210	39,164	1,157,374
Expenditures:			
Current:			
Instructional	454,226	-	454,226
Supporting Services			
Pupil Support	78,159	-	78,159
Instructional Staff	23,152	-	23,152
General administration	25,966	62	26,028
School administration	40,279	-	40,279
Business	125,828	-	125,828
Central	68,974	-	68,974
Other	4,439	-	4,439
Total Expenditures	821,023	62	821,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	297,187	39,102	336,289
Fund Balance, Beginning of Year	335,611	456,065	791,676
Fund Balance, End of Year	\$ 632,798	495,167	1,127,965

SUMMIT HILL SCHOOL DISTRICT NO. 161
SOCIAL SECURITY AND IMRF FUND

SCHEDULE D-3

Balance Sheet
June 30, 2022

<u>Assets</u>	
Cash in bank	\$ 697,129
Property tax receivable	523,173
Total Assets	<u>\$ 1,220,302</u>
<u>Liabilities</u>	
Payroll liabilities	<u>\$ 30,332</u>
<u>Deferred Inflows of Resources</u>	
Property taxes levied for subsequent years	<u>557,172</u>
<u>Fund Balance</u>	
Restricted for Social Security	93,995
Restricted for IMRF	538,803
Total Fund Balance	<u>632,798</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,220,302</u>

Statement of Revenues, Expenditures
and Changes in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022

SCHEDULE D-4

	<u>Original & Final Budget</u>	<u>Year Ended June 30, 2022</u>	<u>(Over) / Under Budget</u>
Revenues:			
Local sources:			
Property Taxes	\$ 1,075,000	1,090,487	(15,487)
Interest on Investments	-	723	(723)
Total local sources	<u>1,075,000</u>	<u>1,091,210</u>	<u>(16,210)</u>
State Sources:			
Evidence Based Funding Formula	-	27,000	(27,000)
Total Revenues	<u>1,075,000</u>	<u>1,118,210</u>	<u>(16,210)</u>
Expenditures:			
Instructional	508,500	454,226	54,274
Supporting Services			
Pupil Support	84,100	78,159	5,941
Instructional Staff	24,400	23,152	1,248
General administration	27,200	25,966	1,234
School administration	42,000	40,279	1,721
Business	139,300	125,828	13,472
Central	77,000	68,974	8,026
Other	14,500	4,439	10,061
Total Expenditures	<u>917,000</u>	<u>821,023</u>	<u>95,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 158,000</u>	<u>297,187</u>	<u>(112,187)</u>
Fund Balance, Beginning of Year		<u>335,611</u>	
Fund Balance, End of Year		<u>\$ 632,798</u>	

**SUMMIT HILL SCHOOL DISTRICT NO. 161
CAPITAL PROJECTS FUND**

SCHEDULE D-5

**Balance Sheet
June 30, 2022**

<u>Assets</u>	
Cash in Bank	<u>\$ 495,167</u>
<u>Fund Balance</u>	
Restricted Fund Balance	<u>\$ 495,167</u>

**Statement of Revenues, Expenditures
and Change in Fund Balance- Budget & Actual
For the Fiscal Year Ended June 30, 2022**

SCHEDULE D-6

	<u>Original and Final Budget</u>	<u>Year Ended June 30, 2022</u>	<u>(Over) / Under Budget</u>
Revenues:			
Local Sources:			
Impact Fees	\$ 2,000	38,756	(36,756)
Interest on Investments	11,000	408	10,592
Total local sources	<u>13,000</u>	<u>39,164</u>	<u>(26,164)</u>
State Sources:			
Evidence Based Funding Formula	12,000	-	12,000
Total Revenues	<u>25,000</u>	<u>39,164</u>	<u>(14,164)</u>
Expenditures:			
Facilities Acquisition and Construction			
Services:			
Purchased Services	25,000	62	24,938
Total Expenditures	<u>25,000</u>	<u>62</u>	<u>24,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>39,102</u>	<u>(39,102)</u>
Fund Balance, Beginning of Year		<u>456,065</u>	
Fund Balance, End of Year		<u>495,167</u>	

STATISTICAL SECTION

SUMMIT HILL SCHOOL DISTRICT NO. 161

Statistical Section Year Ended June 30, 2022

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	72
Changes in Net Position	73
Fund Balances of Governmental Funds	74
Changes in Fund Balance	75

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 Actual Value of Taxable Property	76
Assessed Valuations, Rates, Extensions and Collections	77
Property Tax Rates - Direct and Overlapping Governments	78
Principal Property Taxpayers	79

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>
Ratios of Outstanding Debt by Type	80
Ratios of General Bonded Debt Outstanding	81
Direct and Overlapping General Obligation Bonded Debt	82
Legal Debt Margin Information	83

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	84-85
Principal Employers	86

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	87
Teacher Base Salaries	88
School Building Information	89

FINANCIAL TRENDS

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Net Position by Component
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in capital assets	\$ 17,092,630	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
Restricted net position	5,787,286	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
Unrestricted net position (deficit)	<u>(3,104,030)</u>	<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>
Total governmental activities net position	<u>\$ 19,775,886</u>	<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>

Source:

Annual financial statements 2013-2022.

Notes:

Amounts reported for 2013-2014 have not been restated for the adoption of GASB 68.

Amounts reported for 2013-2017 have not been restated for the adoption of GASB 75.

Amounts reported for 2013-2019 have not been restated for the adoption of GASB 84.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Changes in Net Position
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental activities:										
Instructional	\$ 36,922,670	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
Pupil Support	3,318,419	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
Community Services	13,038	-	13,986	13,250	11,186	-	-	-	-	-
Payments to Other Districts and Governmental Entities - Excluding Spec. Ed.	-	-	1,738,000	1,824,596	1,957,576	-	-	-	-	-
Other Support	5,359,111	9,779,215	-	-	-	7,973,119	7,262,609	7,385,208	6,581,171	6,053,812
Transportation	2,295,837	2,115,622	-	-	-	2,802,516	3,033,514	2,930,792	2,935,787	2,505,801
Administration	2,794,186	2,460,131	-	-	-	870,215	1,146,957	1,689,253	1,244,655	1,124,447
Interest Expense	786,991	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
Total expenses	51,490,252	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
Program revenues:										
Governmental activities:										
Charges for services:										
Instruction	532,181	237,335	867,008	914,281	795,422	740,232	764,481	778,808	952,817	916,620
Support Services	-	-	106,554	131,481	143,174	-	-	-	-	-
Operating grants and contrib.	14,615,561	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
Total program revenues	15,147,742	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
Net (expense) / revenue	<u>(36,342,510)</u>	<u>(39,270,091)</u>	<u>(38,656,677)</u>	<u>(36,380,949)</u>	<u>(34,803,697)</u>	<u>(33,301,755)</u>	<u>(33,253,480)</u>	<u>(33,506,916)</u>	<u>(35,394,300)</u>	<u>(32,657,624)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property Taxes	39,420,667	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
Evidence Based Funding	2,989,015	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
Intergovernmental	307,986	148,916	-	-	-	-	-	-	-	-
Investment Income	19,289	230,381	474,767	376,312	220,396	91,084	32,855	19,099	19,755	35,412
Other income	692,410	506,713	197,742	230,704	224,990	503,574	406,713	199,298	628,871	547,220
Total general revenues	43,429,367	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
Change in net position	<u>\$ 7,086,857</u>	<u>2,682,477</u>	<u>2,365,816</u>	<u>3,418,492</u>	<u>3,764,897</u>	<u>2,851,745</u>	<u>2,542,000</u>	<u>1,749,928</u>	<u>(1,176,009)</u>	<u>610,342</u>

Source:

Annual financial statements 2013-2022.

Notes:

Amounts reported for 2013-2014 have not been restated for the adoption of GASB 68.
Amounts reported for 2013-2017 have not been restated for the adoption of GASB 75.
Amounts reported for 2013-2019 have not been restated for the adoption of GASB 84.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nondisposable	\$ 71,946	-	183,014	70,115	140,229	210,344	-	235,390	94,331	95,127
Restricted	248,739	248,367	210,490	107,519	121,375	2,416,852	3,118,254	2,889,701	2,783,759	2,727,901
Assigned	83,592	1,014,640	-	-	-	172,808	80,282	38,659	35,721	29,178
Unassigned	19,920,044	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
Total General Fund	<u>\$ 20,324,321</u>	<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>
All other governmental funds:										
Nondisposable	\$ 84,483	-	-	-	-	-	-	1,021,794	1,183,231	1,302,425
Restricted	5,538,547	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
Assigned	2,171,835	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
Unassigned	-	-	-	-	-	(408,060)	(189,190)	(29,080)	(11,735)	(11,735)
Total all other governmental funds	<u>\$ 7,794,865</u>	<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>

Source:

Annual financial statements 2013-2022.

Note:

Amounts reported for 2013-2019 have not been restated for the adoption of GASB 84.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Changes in Fund Balances
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Property taxes	\$ 39,420,667	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
Investment income	19,289	230,381	474,767	376,312	220,396	91,084	32,855	19,099	19,755	35,412
Other income	1,515,270	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
Total local sources	40,955,226	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
State sources:										
Evidence based funding	2,989,015	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
Grants-in-aid	1,130,396	1,496,091	-	-	-	2,774,496	2,609,065	2,514,518	2,238,044	3,084,211
Intergovernmental	307,986	148,916	-	-	-	-	-	-	-	-
Total state sources	4,427,397	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
Federal sources:										
Grants-in-aid	2,411,653	1,296,348	1,042,853	1,125,140	1,216,349	945,169	993,544	991,808	799,221	853,226
On behalf revenues	10,782,833	17,308,777	-	-	-	-	-	-	-	-
Total revenues	58,577,109	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
Expenditures:										
Current:										
Instruction	33,789,767	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
Support services	13,464,941	13,735,878	13,094,070	11,579,150	10,231,256	9,724,521	12,429,580	12,403,995	11,786,363	10,564,550
Community services	13,038	12,285	13,986	13,250	11,186	15,012	-	-	2,650	2,597
Payments to other districts and governmental units	3,111,005	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
Capital outlay	-	-	1,211,735	1,342,762	1,037,699	1,188,147	232,913	823,117	436,739	318,051
Debt service										
Principal	5,370,000	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
Interest	881,000	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
Bond issuance costs	2,222	125,189	-	-	-	1,425	1,544	272,630	620,956	145,510
Total expenditures	56,631,973	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
Excess (deficiency) of revenues over (under) expenditures	1,945,136	24,612	(684,484)	1,906,704	1,784,434	686,441	1,133,852	137,312	(1,597,781)	1,481,325
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	\$ 1,945,136	24,390	(684,484)	1,906,704	1,784,434	686,441	1,133,852	414,283	(1,204,825)	1,629,663
Debt service as a percentage of non-capital expenditures	11.0%	9.6%	11.4%	12.0%	11.2%	14.7%	14.4%	14.3%	14.2%	14.0%
Debt service as a percentage of total expenditures	11.0%	9.6%	11.1%	11.8%	10.9%	14.4%	14.4%	13.3%	12.5%	13.5%

Source:
Annual financial statements 2013-2022.

Notes:
Amounts reported for 2013-2019 have not been restated for the adoption of GASB 84.

REVENUE CAPACITY

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Levy Year	Assessed Value				Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate (1)
	Residential Property	Commercial Property	Industrial Property	Farm Property			
2021	\$ 713,047,560	156,682,163	91,940,710	1,404,058	963,074,491	2,889,223,473	4.1634
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

Data Source:

Office of the County Clerk

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.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Assessed Valuations, Rates, Extensions, and Collections
and Tax Collections**

	Tax Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Valuations	\$ 871,831,361	836,286,074	823,468,932	826,468,932	847,772,715	871,927,468	892,260,748	911,600,960	930,963,055	963,074,491
Tax Rates:										
Educational	2.4650	2.6209	2.7753	2.8153	2.8010	2.7561	2.7323	2.7344	2.8038	2.7863
Operations & Maintenance	0.3376	0.3560	0.3572	0.3598	0.3474	0.3624	0.3998	0.4594	0.4651	0.4660
Bond & Interest	0.5771	0.6210	0.6992	0.7004	0.6923	0.6828	0.6834	0.6848	0.6800	0.6986
Transportation	0.1426	0.1861	0.1631	0.1617	0.1561	0.1540	0.1545	0.1081	0.0450	0.0452
FICA/Medicare	0.0826	0.0701	0.0512	0.0390	0.0570	0.0860	0.0884	0.0974	0.1138	0.0912
Working Cash	0.0216	0.0243	0.0492	0.0488	0.0357	0.0356	0.0359	0.0378	0.0344	0.0355
Tort Immunity	0.0331	0.0252	0.0160	0.0340	0.0254	0.0255	0.0304	0.0325	0.0344	0.0406
Totals	3.6596	3.9036	4.1112	4.1590	4.1149	4.1024	4.1247	4.1544	4.1765	4.1634
Tax Extensions:										
Educational	\$ 21,490,643	21,918,222	22,860,010	23,267,580	23,746,114	24,031,193	24,379,241	24,926,817	26,102,342	26,834,145
Operations & Maintenance	2,943,303	2,977,178	2,942,239	2,973,635	2,945,162	3,159,865	3,567,258	4,187,895	4,329,909	4,487,927
Bond & Interest	5,031,339	5,193,337	5,759,276	5,788,588	5,869,131	5,953,521	6,097,710	6,242,643	6,330,549	6,728,038
Transportation	1,243,232	1,556,328	1,343,447	1,336,400	1,323,373	1,342,768	1,378,543	985,441	418,933	435,310
FICA/Medicare	720,133	586,237	421,732	322,323	483,231	749,857	788,758	887,899	1,059,436	878,324
Working Cash	188,316	203,218	405,258	403,317	302,655	310,406	320,322	344,585	320,251	341,891
Tort Immunity	288,576	210,744	131,791	280,999	215,334	222,341	271,247	296,270	320,251	391,008
Totals	\$ 31,905,542	32,645,264	33,863,753	34,372,842	34,885,000	35,769,951	36,803,079	37,871,550	38,881,671	40,096,643
Collections:										
Current	\$ 15,893,036	16,246,064	17,018,894	17,227,218	17,060,222	17,884,975	18,401,539	18,935,775	19,246,427	19,847,841
Subsequent	15,776,644	16,194,677	16,609,573	16,687,607	17,423,686	17,433,869	18,385,535	18,702,568	19,572,826	-
Totals	\$ 31,669,680	32,440,741	33,628,467	33,914,825	34,483,908	35,318,844	36,787,074	37,638,343	38,819,253	19,847,841
Percentage Collected:										
Current	49.81%	49.77%	50.26%	50.12%	48.90%	50.00%	50.00%	50.00%	49.59%	49.50%
Subsequent	49.45%	49.61%	49.05%	48.55%	49.95%	48.74%	49.96%	49.38%	50.26%	0.00%
Totals	99.26%	99.38%	99.31%	98.67%	98.85%	98.74%	99.96%	99.38%	99.85%	49.50%

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years**

Levy Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Overlapping Governments (2):										
Will County	0.5761	0.5788	0.5842	0.5927	0.5986	0.6147	0.6358	0.6433	0.6438	0.5908
Will County Forest Preserve	0.1339	0.1443	0.1462	0.1504	0.1895	0.1944	0.1937	0.1977	0.1970	0.1859
Frankfort Township & Road	0.1837	0.1988	0.2841	0.1987	0.2963	0.3040	0.3153	0.3220	0.2155	0.3042
Frankfort Park District	0.2254	0.2278	0.2284	0.2274	0.2263	0.2268	0.2302	0.2286	0.2215	0.2089
Frankfort Square Park District	0.5349	0.6383	0.6396	0.6274	0.6382	0.6433	0.6699	0.6557	0.6265	0.5846
Mokena Park District	0.3056	0.3139	0.3154	0.3160	0.3175	0.3208	0.3255	0.3240	0.3184	0.3030
Tinley Park District	0.5349	0.4199	0.4455	0.4259	0.5100	0.5605	0.5059	0.5273	0.4828	0.4584
Frankfort Fire Protection District	0.8174	0.8223	0.8155	0.8108	0.8084	0.8078	0.8224	0.8157	0.7840	0.7272
Mokena Fire Protection District	1.0149	1.0269	1.0235	1.0126	1.0095	1.0093	1.0245	1.0097	0.9684	0.9107
Frankfort Public Library District	0.2033	0.2041	0.2044	0.2035	0.2025	0.2033	0.2067	0.2051	0.1988	0.1843
Mokena Public Library District	0.3268	0.3371	0.3356	0.3335	0.3327	0.3338	0.3392	0.3169	0.3229	0.3709
Village of Frankfort	0.4168	0.4199	0.3384	0.3385	0.3386	0.3387	0.3388	0.3389	0.3390	0.3391
Village of Mokena	0.3133	0.3194	0.2427	0.2457	0.2496	0.2532	0.2597	0.2597	0.2498	0.2342
Village of Orland Park and Library	0.8073	0.9396	0.9205	0.8328	0.9444	1.0703	0.9725	1.0365	0.9489	0.9493
Village of Tinley Park and Library	1.4195	1.8864	1.8687	1.6870	1.7997	2.0041	1.8557	1.9537	1.8257	1.7444
Lincoln-Way High School District 210	2.1986	2.1911	2.1550	2.1292	2.1207	2.1189	2.1594	2.1394	2.0650	1.9190
Community College District 525	0.2848	0.2891	0.2938	0.2924	0.2994	0.3099	0.3065	0.3085	0.2955	0.2768
Total Overlapping Governments	10.2972	10.9577	10.8415	10.4245	10.8819	11.3138	11.1617	11.2827	10.7035	10.2917
SUMMIT HILL SCHOOL DISTRICT NO. 161	4.1634	4.1765	4.1544	4.1247	4.1024	4.1149	4.1590	4.1112	3.9036	3.6596
Totals (1)	14.4606	15.1342	14.9959	14.5492	14.9843	15.4287	15.3207	15.3939	14.6071	13.9513

Data Source:

Will County Clerk

(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 and, therefore, the totals shown above overstate the tax rates for individual taxpayers within the District.

SUMMIT HILL SCHOOL DISTRICT NO. 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	1.23%			
Tinley Park Portfolio Invst	8,075,224	2	0.84%			
Panterra Development LLC	7,188,271	3	0.75%			
VIP Tinley Park/VIP Mdg/VIP Mokena	4,734,810	4	0.49%			
West Core Alpha Mokena LLC	4,267,627	5	0.44%			
Lee S S	3,350,688	6	0.35%	3,188,512	2	0.53%
Target Corp T - 2035	3,346,148	7	0.35%	4,960,479	3	0.34%
Speedway LLC	3,301,539	8	0.34%			
Blackhawk Properties	2,917,369	9	0.30%			
Jones, Robert	2,882,070	10	0.30%	2,882,070	5	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				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>\$51,932,604</u>		<u>5.39%</u>	<u>\$ 33,028,349</u>		<u>3.54%</u>

Data Source:

Will 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) 2021 Equalized Assessed Valuation of the District is \$963,074,491

DEBT CAPACITY

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Deferred Issuance Premium	Installment Contract	Capital Appreciation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2022	\$ 30,755,000	476,347	-	-	31,231,347	3.21%	1,319
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	-	3,250,383	50,979,695	8.08%	2,595
2017	47,820,000	1,306,648	-	2,316,475	51,443,123	8.40%	2,655
2016	49,185,000	1,473,984	-	3,425,232	54,084,216	9.09%	2,831
2015	50,600,000	1,642,412	-	4,499,712	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

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

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General and Capital Appreciation Bonds	Less: Amount Available in Debt Services Fund	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property(1)	Per Capita (2)
2022	\$ 31,231,347	4,410,582	26,820,765	0.93%	1,133
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

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

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Direct and Overlapping General Obligation Bonded Debt
For the Year Ended June 30, 2022**

Overlapping Agencies	Outstanding Obligations	Applicable to District	
		(1) Percent	(2) Amount
Will County	\$ -	4.025%	-
Will County Forest Preserve	80,805,000	4.025%	3,252,401
Village of Mokena	-	19.421%	-
Village of Orland Park	87,325,000	0.001%	873
Village of Tinley Park	17,560,000	22.736%	3,992,442
Frankfort Park District	1,670,000	3.414%	57,014
Frankfort Square Park District	1,391,000	89.223%	1,241,092
Mokena Community Park District	5,610,020	22.277%	1,249,744
Tinley Park District	1,030,900	7.398%	76,266
Lincoln-Way HSD #210	202,345,654	21.744%	43,998,039
Joliet Community College #525	50,030,000	4.074%	2,038,222
Total Overlapping General Obligation Bonded Debt	447,767,574		55,906,093
SUMMIT HILL SCHOOL DISTRICT NO. 161	30,755,000	100.000%	30,755,000
Total Direct and Overlapping General Obligation Bonded Debt	\$ 478,522,574		\$ 86,661,093

Data Source:

Office of the Will County Clerk

(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.

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation											
Assessed value (2021)	\$	963,074,491									
Debt limit (6.9% of assessed value)	\$	66,452,140									
Debt applicable to limit		31,231,347									
Legal debt margin	\$	35,220,793									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$	66,452,140	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
Total net debt applicable to limit		31,231,347	36,776,972	40,835,000	45,515,000	49,660,767	51,443,123	52,610,232	55,099,712	57,465,172	58,357,186
Legal debt margin	\$	35,220,793	27,459,479	22,065,466	16,050,992	10,502,228	7,053,194	4,416,124	1,735,250	238,567	1,799,178
Total net debt applicable to the limit as a percentage of debt limit		46.9983%	57.2525%	64.9200%	73.9288%	82.5437%	87.9425%	92.2560%	96.9469%	99.5866%	97.0092%

Source
Annual financial statements 2013-2022

DEMOGRAPHIC AND ECONOMIC DATA

SUMMIT HILL SCHOOL DISTRICT NO. 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
2022	23,678	\$ 971,650,408	\$ 41,036	7.00%	2,573	\$ 39,595,918	\$ 15,389
2021	20,296	790,366,832	38,942	8.20%	2,579	38,645,755	14,985
2020	19,957	662,823,329	33,213	10.90%	2,695	46,720,598	17,336
2019	19,957	649,826,793	32,561	3.70%	2,704	43,095,898	15,935
2018	19,644	630,899,799	32,117	3.40%	2,815	46,586,079	16,549
2017	19,373	612,524,077	31,617	4.40%	2,921	47,492,321	16,259
2016	19,101	594,683,570	31,134	6.40%	3,018	42,612,164	14,119
2015	18,850	577,362,689	30,629	6.10%	3,128	41,782,989	13,358
2014	18,628	563,280,672	30,238	7.80%	3,166	39,601,344	12,508
2013	18,302	530,001,792	28,959	9.70%	3,289	35,964,660	10,935
2012	17,949	525,419,136	29,273	9.00%	3,344	37,828,024	11,312

Data Source:

U.S. Census Bureau and Department of Labor Statistics and American Community Survey

SUMMIT HILL SCHOOL DISTRICT NO. 161

Demographic and Economic Statistics
Last Ten Fiscal Years
(Continued)

Fiscal Year	Percent Change	Expenses	Cost Per Pupil	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced Price Meals
2022	2.63%	\$ 56,631,973	\$ 22,010	-5.93%	247	10.42	18.18%
2021	-13.56%	60,130,476	23,315	27.55%	249	10.36	N/A
2020	8.77%	49,262,324	18,279	-20.22%	258	10.00	N/A
2019	-3.69%	61,956,775	22,913	24.12%	241	11.22	N/A
2018	1.79%	51,965,640	18,460	3.13%	239	11.78	4.82%
2017	15.15%	52,284,752	17,900	14.82%	239	12.22	4.82%
2016	5.70%	47,048,885	15,589	1.33%	230	13.12	1.75%
2015	6.79%	48,124,195	15,385	6.74%	248	12.61	3.27%
2014	14.39%	45,632,073	14,413	13.89%	241	13.14	3.41%
2013	-3.34%	41,622,931	12,655	-2.89%	243	13.53	7.21%
2012	11.76%	43,579,221	13,032	10.11%	249	13.43	5.72%

Data Source:

U.S. Census Bureau and Department of Labor Statistics and American Community Survey

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Principal Employers
Current and Nine Years Ago**

Employer	2022			2013		
	Number of Persons Employed	Rank	Percentage of Total Employment	Number of Persons Employed	Rank	Percentage of Total Employment
Retail trade	1,538	1	N/A	N/A	N/A	N/A
Accommodation and food services	1,319	2	N/A	N/A	N/A	N/A
Construction	1,062	3	N/A	N/A	N/A	N/A
Administrative and waste management services	874	4	N/A	N/A	N/A	N/A
Healthcare and social assistance	826	5	N/A	N/A	N/A	N/A
Manufacturing	767	6	N/A	N/A	N/A	N/A
Other services	505	7	N/A	N/A	N/A	N/A
Professional, scientific, and technical services	395	8	N/A	N/A	N/A	N/A
Finance and insurance	327	9	N/A	N/A	N/A	N/A
Wholesale trade	309	10	N/A	N/A	N/A	N/A
Total	<u>7,922</u>		<u>N/A</u>	<u>0</u>		<u>0.00%</u>

Data Source:

OPERATING INFORMATION

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years**

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Supervisory										
Noninstructional administrators	4	4	4	4	4	4	4	4	4	4
Principals	6	6	6	6	6	6	6	6	6	6
Assistant principals	4	4	4	4	3	3	3	3	3	3
Total supervisory	14	14	14	14	13	13	13	13	13	13
Instruction										
Elementary classroom teachers	122	125	124	109	109	109	109	111	111	112
Secondary classroom teachers	43	43	33	31	31	31	31	46	32	32
ESE teachers	82	81	101	101	99	99	90	91	98	99
Aides	36	39	41	38	35	35	35	35	29	19
Total instruction	283	288	299	279	274	274	265	283	270	262
Student services										
Guidance counselors	2	2	2	2	2	2	2	2	2	2
Librarians	5	5	5	5	5	5	5	5	5	5
Technicians	11	10	8	5	5	3	3	3	3	3
Psychologists	4	4	-	-	-	-	-	-	-	-
Nurses	5	5	-	-	-	-	-	-	-	-
Total Student services	27	26	15	12	12	10	10	10	10	10
Support and administration										
Clerical/secretarial	23	24	21	22	20	20	20	20	20	20
Skilled crafts	2	2	1	1	1	1	1	1	1	1
Unskilled laborers	9	10	13	13	15	15	15	15	15	15
Total support and administration	34	36	35	36	36	36	36	36	36	36
Total	358	364	363	341	335	333	324	342	329	321

Data Source:

State Department of Education

SUMMIT HILL SCHOOL DISTRICT NO. 161

Teacher Base Salaries
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	State Median Minimum Salary	State Median Maximum Salary
2022	\$ 54,415	109,038	40,682	82,530
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

Data Source:

Minimum and maximum salaries for Summit Hill are from District records. Statewide salaries are from the Illinois State Board of Education records.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Full-time Equivalent District Employees by Type
Last Ten Fiscal Years**

School	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	168	169	187	189	193	223	217	233	246	262
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	184	185	183	181	196	209	215	226	244	239
Indian Trail School (1979)										
Square feet	57,496	57,496	57,496	57,496	57,496	57,496	57,496	57,496	57,946	57,946
Capacity	648	648	648	648	648	648	648	648	648	648
Enrollment	308	315	354	367	398	427	447	445	452	464
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	648	584	620	634	618	676	705	801	779	810
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	-	-	-	-	-	-	-	-	-	-
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	602	623	672	699	719	717	768	748	716	786
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	663	703	712	749	769	767	747	772	811	808

Data Source:
District Records

OTHER REPORTS SECTION



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA

CATE MOULTON, CPA
CHRIS CHRISTENSEN

CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance with Government Auditing Standards**

To the Board of Education
Summit Hill School District No. 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 No. 161, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Summit Hill School District No. 161's basic financial statements, and have issued our report thereon dated November 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Summit Hill School District No. 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 No. 161's internal control. Accordingly, we do not express an opinion on the effectiveness of Summit Hill School District No. 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. We did identify a certain deficiency in internal control, described in the Schedule of Findings and Questioned Costs included in this report (item 2021-01) that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit Hill School District No. 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Summit Hill School District No. 161 in a separate letter dated November 16, 2022.

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.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2022

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA

CATE MOULTON, CPA
CHRIS CHRISTENSEN

**Independent Auditors' Report on Compliance
for Each Major Program and On Internal
Control over Compliance Required by the Uniform Guidance**

To the Board of Education
Summit Hill School District No. 161
Frankfort, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Summit Hill School District No. 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 No. 161's major federal programs for the year ended June 30, 2022. Summit Hill School District No. 161's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Summit Hill School District No. 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Summit Hill School District No. 161 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Summit Hill School District No. 161's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants applicable to Summit Hill School District No. 161's federal programs.

Auditors' Responsibility for Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Summit Hill School District No. 161's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report about Summit Hill School District No. 161's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Summit Hill School District No. 161's compliance with the requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Summit Hill School District No. 161's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Summit Hill School District No. 161's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the accompanying financial statements of Summit Hill School District No. 161, as of and for the year ended June 30, 2022, and have issued our report thereon dated November 16, 2022, which contains an unmodified opinion in accordance with generally accepted accounting principles on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly presented in all material respects in relation to the basic financial statements as a whole.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2022

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures</i>
Child Nutrition Cluster		
<i>United States Department of Agriculture:</i>		
Passed-through Illinois State Board of Education:		
National School Lunch Program:	10.555*	
National School Lunch Program 2021 - 4210-2021		\$ 65,967
National School Lunch Program 2022 - 4210-2022		429,332
National School Lunch Program 2021 - 4210-SN-2021		9,079
DoD Fruits & Vegetables		13,279
Total National School Lunch Program		<u>517,657</u>
Total Passed Through Illinois State Board of Education		<u>517,657</u>
<i>Total United States Department of Agriculture</i>		<u>517,657</u>
Total Child Nutrition Cluster		<u>517,657</u>
Special Education Cluster		
<i>United States Department of Education:</i>		
Passed-through Illinois State Board of Education:		
IDEA - Special Education Grants	84.027	
IDEA Flow-through - 2022 - 4625-E1-2022		5,000
IDEA Flow-through - 2022 - 4620-2022		<u>625,373</u>
Special Education Preschool Grants		
IDEA Preschool Flow-through - 2022 - 4600-2022	84.173	<u>11,802</u>
Total Passed Through Illinois State Board of Education		<u>642,175</u>
<i>Total United States Department of Education</i>		<u>642,175</u>
Total Special Education Cluster		<u>642,175</u>
U.S. Department of Health and Human Services		
Passed-through Illinois Department of Healthcare & Family Services		
Medical Assistance Program - 2022 - 4991-2022	93.778	<u>6,619</u>
Total U.S. Department of Health and Human Services		<u>6,619</u>
Other Programs:		
<i>United States Department of Education:</i>		
Passed-through Illinois State Board of Education:		
Improving Teacher Quality State Grants	84.367	
Title II - 2022 - 4932-2022		<u>65,428</u>
Title I Grants to Local Educational Agencies	84.010	
Title I - 2022 - 4300-2022		<u>177,647</u>
Total Title I Grants to Local Educational Agencies		<u>177,647</u>
Title III Grants to Local Educational Agencies	84.365A	
Title III - 2021 - 4909-2021		2,845
Title III - 2022 - 4909-2022		<u>10,715</u>
Total Title III Grants to Local Educational Agencies		<u>13,560</u>
Title I Grants to Local Educational Agencies	84.424	
Title IVA - 2022 - 4400-2022		<u>7,899</u>
Education Stabilization Funds		
Elementary and Secondary School Emergency Relief - 2022 - 4998-2022	84.425D*	56,578
Elementary and Secondary School Emergency Relief - 2022 - 4998-2022	84.425D*	406,983
Elementary and Secondary School Emergency Relief - 2022 - 4998-2022	84.425U*	<u>388,352</u>
Total Education Stabilization Funds		<u>851,913</u>
Total Passed Through Illinois State Board of Education		<u>1,116,447</u>
<i>Total United States Department of Education</i>		<u>1,116,447</u>
Total Other Programs		<u>1,116,447</u>
Total Expenditures of Federal Awards		<u>\$ 2,282,898</u>

* denotes major program

SUMMIT HILL SCHOOL DISTRICT NO. 161

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents total federal awards expended for each individual federal program in accordance with the requirements of the Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA).

Federal financial assistance received is reflected in the District's financial statements within the General Fund as grants-in-aid from federal sources.

NOTE 2: **BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Summit Hill School District No. 161 and is presented on the modified accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of the Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: **INDIRECT FACILITIES & ADMINISTRATION COSTS**

Summit Hill School District No. 161 did not elect to use the 10% de minimis cost rate.

NOTE 4: **SUB-RECIPIENTS**

Summit Hill School District No. 161 did not provide awards to sub-recipients.

NOTE 5: **NON-CASH AWARDS**

The amount of commodities reported on the schedule (\$13,279) is the value of commodities distributed by the USDA Department of Defense during the current year and priced as prescribed by the U.S. Department of Agriculture (CFDA 10.555).

NOTE 6: **OTHER DISCLOSURES**

Amount of federal insurance, loans, and loan guarantees in effect during the year – None.

Federal Grants requiring matching expenditures – Yes.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Summary of Findings and Questioned Costs For the Year Ended June 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

1. The Auditors' Report expresses an unmodified opinion on the financial statements of Summit Hill School District No. 161.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Summit Hill School District No. 161 were disclosed during the audit.
4. No significant deficiencies and no material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditors' Report on Compliance for the major federal award programs for Summit Hill School District No. 161, expresses an unmodified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the Summit Hill School District No. 161, are reported in Part C of this Schedule.
7. The programs tested as major programs were the Education Stabilization Funds (CFDA Number 84.425D and 84.425U) and the Child Nutrition Cluster (CFDA Number 10.555). The total amount of federal programs tested as major was \$1,369,570, which is 59.99% of total federal expenditures for the year ended June 30, 2022.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Summit Hill School District No. 161 was determined to be a low-risk auditee.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Summary of Findings and Questioned Costs For the Year Ended June 30, 2022

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

We consider the deficiency in internal control described below to be a significant deficiency:

2022-01: School Community Organization (SCO) Accounts

Condition:

For the year ended June 30, 2022, there were several School Community Organization's that have checking accounts that are using the District's federal identification number (FEIN). The FEIN should only be used by accounts that are under the full authority and control of the School Board, where all activity reported is part of the school's annual reporting. Entities operating outside of the District's governance should be separate and distinct from the District, including filing under their own FEIN.

Criteria:

All accounts not under full control of the School Board should have their own FEIN.

Cause:

District management did not effectively monitor accounts using the District's FEIN.

Effect:

School Community Organization accounts not under the full authority and control of the District are using the District's FEIN.

Recommendation:

The District should ensure all accounts not under full control of the District does not use the FEIN of the District.

SUMMIT HILL SCHOOL DISTRICT NO. 161

**Summary of Findings and Questioned Costs
For the Year Ended June 30, 2022**

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

None.

SUMMIT HILL SCHOOL DISTRICT NO. 161

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2022

Compliance Findings:

Finding 2021-01: School Community Organization (SCO) Accounts

There were several School Community Organizations that have checking accounts that are using the District's federal identification number (FEIN). The FEIN should only be used by accounts that are under the full authority and control of the School Board, where all activity reported is part of the school's annual reporting. Entities operating outside of the District's governance should be separate and distinct from the District, including filing under their own FEIN. This is a repeat finding for 2022.