

Kenilworth School District No. 38

Kenilworth, Illinois

Annual Financial Report

For the Year Ended June 30, 2021



KENILWORTH SCHOOL DISTRICT NO. 38

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Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Kenilworth School District No. 38
Kenilworth, IL

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kenilworth School District No. 38, Kenilworth, Illinois, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of accounting of the governmental activities, each major fund, and the aggregate remaining fund information of the Kenilworth School District No. 38, as of June 30, 2021, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

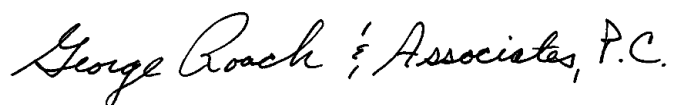
Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Kenilworth School District No. 38's basic financial statements. The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021, on our consideration of Kenilworth School District No. 38'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 Kenilworth School District No. 38's internal control over financial reporting and compliance.



George Roach & Associates
September 7, 2021

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

Board of Education
Kenilworth School District No. 38
Kenilworth, IL

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 Kenilworth School District No. 38, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Kenilworth School District No. 38's financial statements, and have issued our report thereon dated September 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kenilworth School District No. 38's internal control over financial reporting (internal control) to determine the 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 Kenilworth School District No. 38's internal control. Accordingly, we do not express an opinion on the effectiveness of Kenilworth School District No. 38'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. We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency as defined above.

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

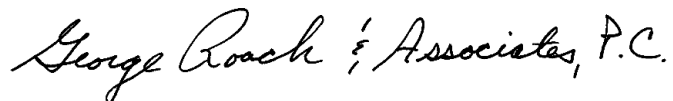
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kenilworth School District No. 38'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*.

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.

A handwritten signature in black ink that reads "George Roach & Associates, P.C." in a cursive script.

George Roach & Associates

September 7, 2021

OTHER INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

This section of the Kenilworth School District No 38's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2021. The intent of the Management's Discussion and Analysis (MD&A) is to look at Kenilworth School District No. 38's financial performance as a whole. Readers should also review the District's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2021 by \$27,410,810 (net position). Of this amount, \$9,030,479 (unrestricted net position) may be used to meet the District's ongoing operation financial obligations.
- The District's total net position increased by \$1,531,805.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$25,571,871, an increase of \$915,986 from the prior year.
- At June 30, 2021, the fund balance for the General Fund was \$12,367,959.
- The District's total net fixed assets decreased by \$138,445 during the year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements
- Fund financial statements, and
- Notes to the financial statements

This report also contains other information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements report information about the District as a whole using accounting methods (modified cash basis) similar to those used in private-sector companies. The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two 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 District's net position increased by \$1,531,805 in fiscal year 2021.

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.

Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

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.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Operations & Maintenance, Debt Service, Transportation, Municipal Retirement and Tort Funds, all of which are considered major funds.

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

An activity fund (fiduciary fund) is maintained by the District and financial information on that fund is included in the audit report.

Notes to the 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 other information concerning the District's progress in funding its obligation to provide pension benefits to its non-certificated employees.

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited

Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A condensed statement of net position and statement of activities is presented below:

Kenilworth School District No. 38 Net Position

	Governmental Activities	
	June 30, 2021	June 30, 2020
Assets		
Current and Other Assets	\$ 26,503,984	\$ 25,524,722
Fixed Assets	9,281,419	9,419,864
Total Assets	<u>\$ 35,785,403</u>	<u>\$ 34,944,586</u>
Liabilities		
Payroll Liabilities	\$ 932,113	\$ 868,837
Long-Term Debt		
Current Portion	779,264	754,264
Non-current Portion	6,663,216	7,442,480
Total Liabilities	<u>8,374,593</u>	<u>9,065,581</u>
Net Position:		
Net Investment in Capital Assets	5,176,419	4,679,864
Restricted	13,203,912	13,108,262
Unrestricted	9,030,479	8,090,879
Total Net Position	<u>\$ 27,410,810</u>	<u>\$ 25,879,005</u>

At June 30, 2021, the District is able to report positive balances in all three categories of net position. The District's net position increased by \$1,531,805 in comparison with the prior year.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,030,479, may be used to meet the District's ongoing operating obligations.

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited

Year Ended June 30, 2021

Key elements of the changes to net position by governmental activities are as follows:

Kenilworth School District No. 38 Changes in Net Position

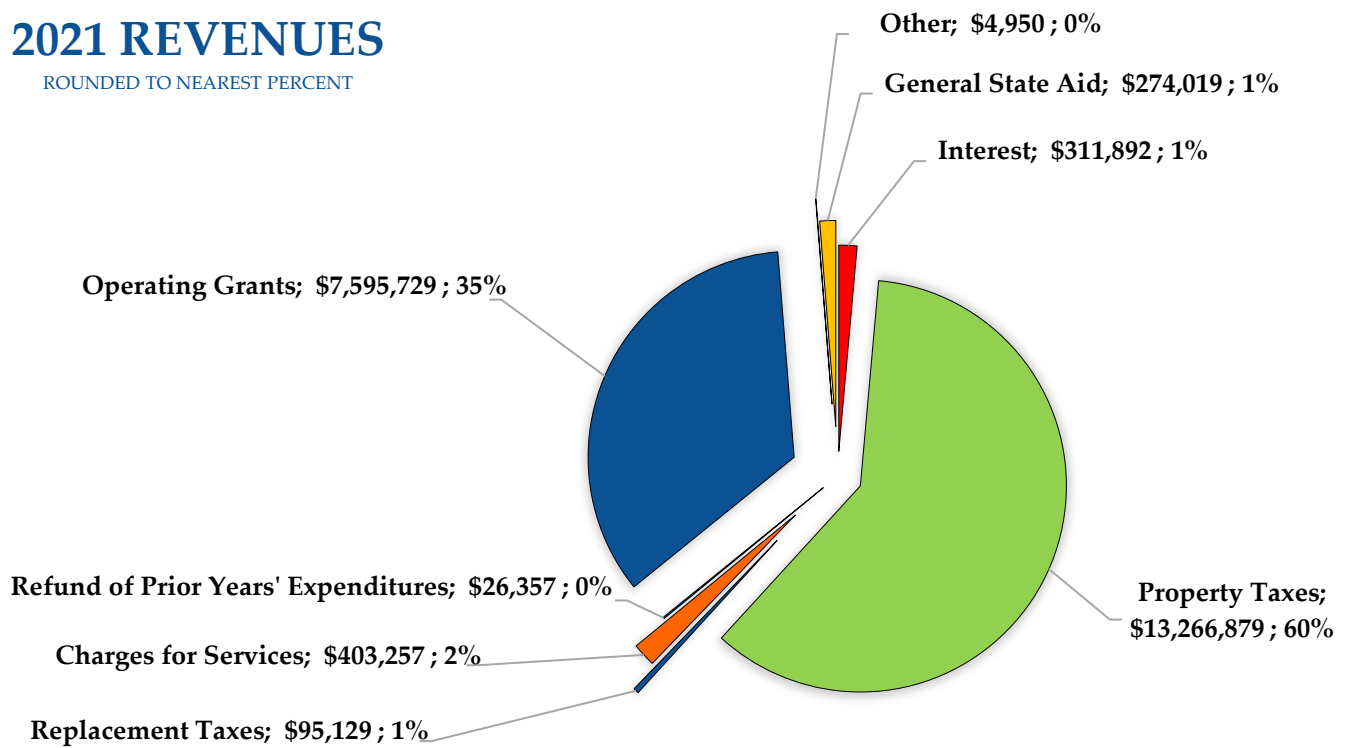
	Governmental Activities	
	June 30, 2021	June 30, 2020
Revenues		
Program Revenues		
Charges for Services	\$ 403,257	\$ 384,338
Operating Grants	7,595,729	7,129,155
General Revenues		
Property Taxes	13,266,879	13,111,640
Replacement Taxes	95,129	74,999
Interest	311,892	449,924
General State Aid	274,019	274,019
Refund of Prior Years' Expenditures	26,357	17,842
Other	4,950	5,679
Total Revenues	21,978,212	21,447,596
Expenses		
Instruction	14,703,028	14,758,042
Support Services	4,657,963	4,543,215
Payments to Other Governmental Units	390,801	360,013
Interest	219,978	235,689
Depreciation - Unallocated	474,637	478,579
Total Expenses	20,446,407	20,375,538
Increase (Decrease) in Net Position	1,531,805	1,072,058
Net Position - Beginning of Year	25,879,005	24,806,947
Net Position - End of Year	\$ 27,410,810	\$ 25,879,005

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

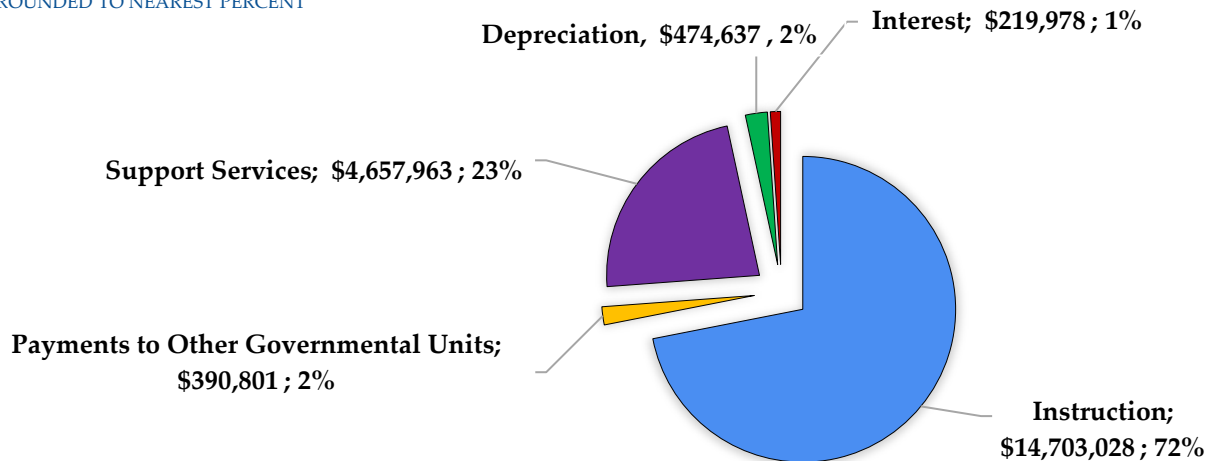
2021 REVENUES

ROUNDED TO NEAREST PERCENT



2021 EXPENDITURES

ROUNDED TO NEAREST PERCENT



KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the Statement of Assets, Liabilities and Fund Balances) reported a combined fund balance of \$25,571,871, which is an increase of \$915,986 from last year's total of \$24,655,885.

The Educational Account revenues were \$813,589 more than expenditures. The Educational Account ended the year with a fund balance of \$9,376,919.

The Working Cash Account revenues were \$6,747 and ended the year with a balance of \$2,991,040.

The Operations & Maintenance Fund revenues were \$366,569 more than expenditures. The Operations & Maintenance Fund ended the year with a fund balance of \$8,100,629.

The Transportation Fund revenues were \$76,263 more than expenditures and ended the year with a balance of \$195,921.

The Illinois Municipal Retirement Fund revenues were \$25,632 more than expenditures and ended the year with a balance of \$464,683.

The Debt Services Fund revenues were \$31,275 more than expenditures and ended the year with a balance of \$1,022,559.

The Capital Projects Fund had \$326,870 in expenditures, end the year with a balance of \$2,872,824.

The Tort Fund had \$77,219 in expenditures and ended the year with a balance of \$547,296.

General Fund Highlights

The General Fund revenues were \$820,336 less than expenditures and ended the year with a balance of \$12,367,959.

Fund Budgetary Highlights

Expenditures in funds were under the budgeted amounts except in the Operations & Maintenance, Transportation, Municipal Retirement and General Fund, where the District does not budget for the state on-behalf revenues or expenditures.

CAPITAL ASSETS

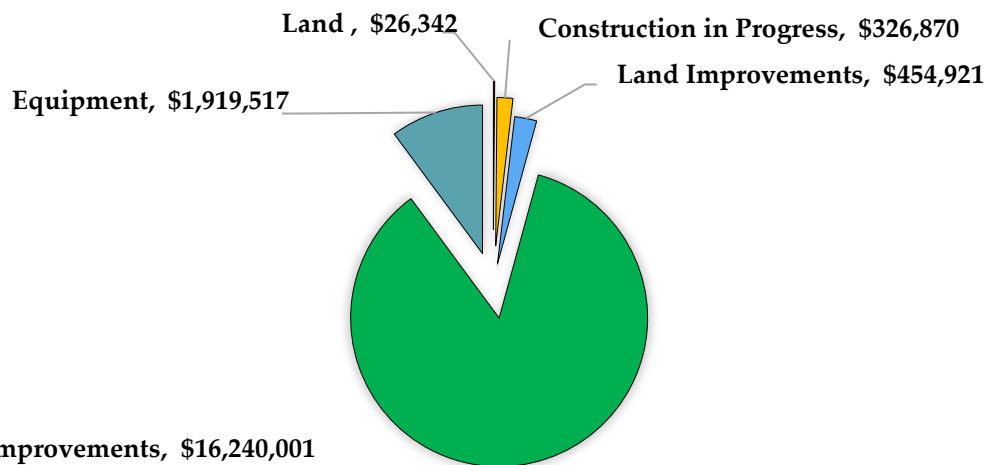
As of June 30, 2021, the District had \$9,218,419, net of accumulated depreciation, invested in capital assets, including land, land improvements, buildings and equipment. (See table below.) A new inventory of capital assets was completed in 2005 to verify all values. This was done following the flood of 2002 and the restoration of the facility and replacement of damaged equipment, supplies, and materials. The inventory was updated at the end of the 2021 Fiscal Year. More detailed information about capital assets is presented in Note 4 to the financial statements.

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Fixed Assets				
Land	\$ 26,342	\$ -	\$ -	\$ 26,342
Construction in Progress	-	326,870	-	326,870
Land Improvements	454,921	-	-	454,921
Building and Improvements	16,240,001	-	-	16,240,001
Equipment	1,910,195	9,322	-	1,919,517
Total Fixed Assets	18,631,459	336,192	-	18,967,651
Less: Accumulated				
Depreciation	9,211,595	474,637	-	9,686,232
Fixed Assets (Net)	\$ 9,419,864	\$ (138,445)	-	\$ 9,281,419

CAPITAL ASSETS AT JUNE 30, 2020 (AT COST)



DEBT

At year-end, the District had \$7,442,480 in bonds and notes outstanding at year-end. The District's general obligation bond rating by Standard & Poor's was AAA, preceding the last bond issue. More detailed information about the District's long-term debt is presented in Note 5 to the financial statements and the Schedule of Bonded Debt Maturities.

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited

Year Ended June 30, 2021

Kenilworth School District No. 38 Assessed Valuations, Extended Tax Rates, Percentage Allocations and Extensions by Fund

Tax Levy Year	2020		2019	
Assessed Valuation				
Cook County	\$	362,818,609	\$	367,618,465
Tax Rates and Percentage Allocations by Fund				
Funds	Rate	Percentage	Rate	Percentage
Educational	3.0686	80.78	2.9681	81.20
Tort Immunity	0.0000	0.00	0.0000	0.00
Operations and Maintenance	0.3785	9.96	0.3532	9.66
Bond and Interest	0.2817	7.41	0.2758	7.54
Transportation	0.0162	0.43	0.0147	0.40
Municipal Retirement	0.0541	1.42	0.0437	1.20
Totals	3.7991	100.00	3.6555	100.00

Property Tax Extensions

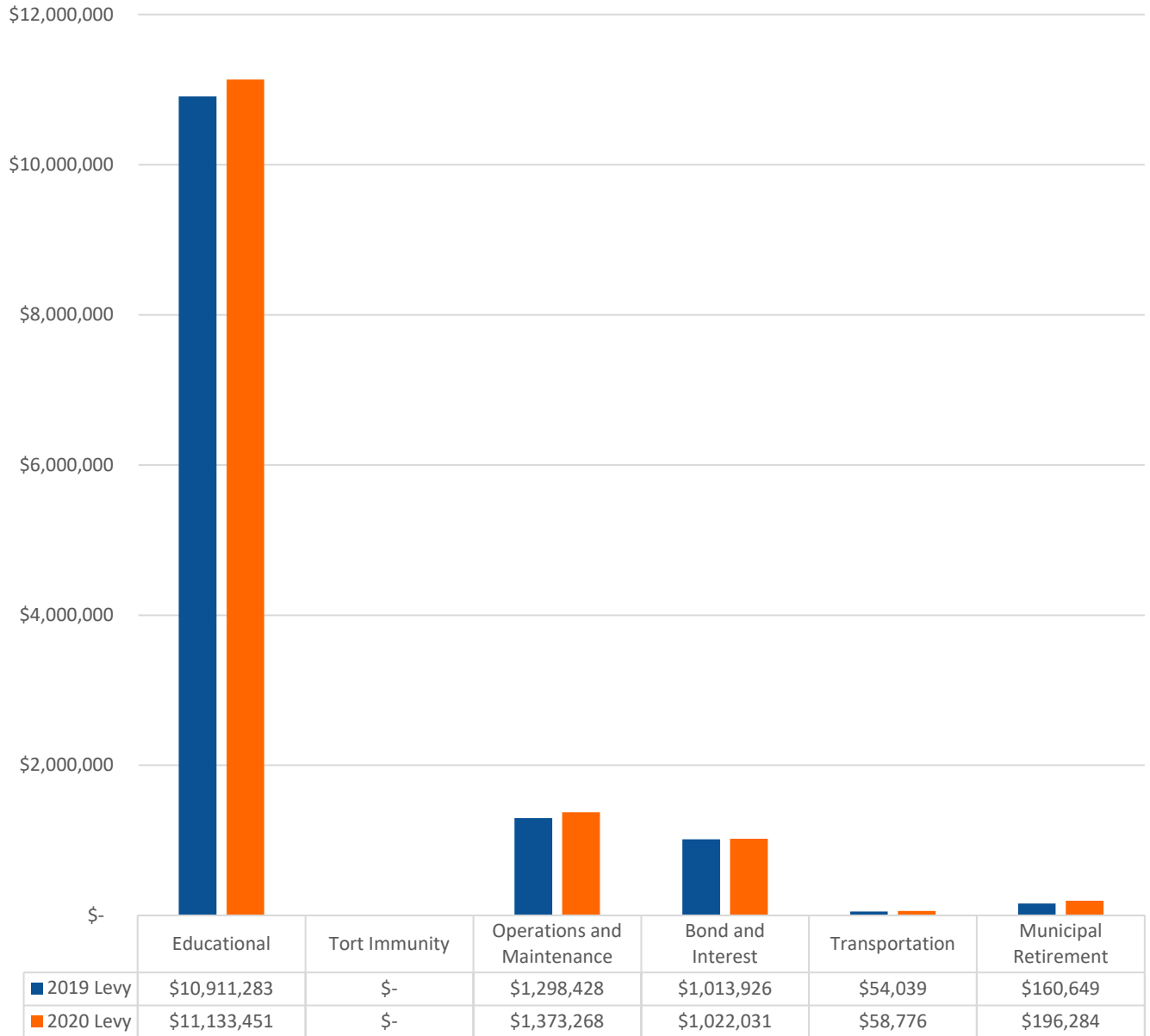
Funds	2020	2019
Educational	\$ 11,133,451	\$ 10,911,283
Tort Immunity	-	-
Operations and Maintenance	1,373,268	1,298,428
Bond and Interest	1,022,031	1,013,926
Transportation	58,776	54,039
Municipal Retirement	196,284	160,649
Totals	\$ 13,783,810	\$ 13,438,325

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the District in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

KENILWORTH SCHOOL DISTRICT NO. 38

Management's Discussion and Analysis – Unaudited
Year Ended June 30, 2021

Property Tax Extensions



Requests for Information

This financial report is designed to provide to 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, contact the Business Office at The Joseph Sears School District office.

BASIC FINANCIAL STATEMENTS

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Net Position - Modified Cash Basis

June 30, 2021

	Governmental Activities
Assets	
Cash and investments, at cost	\$ 26,499,124
Other current assets	4,860
Capital assets, net	9,281,419
Total Assets	\$ 35,785,403
Liabilities	
Current Liabilities:	
Accrued payroll & liabilities	\$ 932,113
Current portion of long term debt	779,264
Total Current Liabilities	1,711,377
Non-Current liabilities:	
Long term debt	6,663,216
Total Non-Current Liabilities	6,663,216
Total Liabilities	8,374,593
Net Position	
Net investment in capital assets	5,176,419
Restricted for:	
Operations and maintenance	8,100,629
Transportation	195,921
Municipal retirement	464,683
Debt service	1,022,559
Capital projects	2,872,824
Tort	547,296
Unrestricted	9,030,479
Total Net Position	\$ 27,410,810

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

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Activities - Modified Cash Basis

Year Ended June 30, 2021

Functions/Programs	Program Revenues Received			Net (Expense) Revenue and Change in Net Position
	Expenditures Disbursed	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 14,709,463	\$ 379,548	\$ 7,571,671	\$ -
Support services	4,651,528	23,709	24,058	-
Payments to other governmental units	390,801	-	-	-
Depreciation - unallocated	474,637	-	-	-
Debt service - interest and fees	219,978	-	-	-
Total Governmental Activities	\$ 20,446,407	\$ 403,257	\$ 7,595,729	\$ -
			General Revenues Received:	
			Property taxes	13,266,879
			Replacement tax	95,129
			General state aid	274,019
			Refund of prior years' expenditures	26,357
			Investment income	311,892
			Other	4,950
			Total General Revenues	13,979,226
			Changes in Net Position	1,531,805
			Net Position Beginning of Year	25,879,005
			Net Position End of Year	\$ 27,410,810

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

KENILWORTH SCHOOL DISTRICT NO. 38

Governmental Funds

Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis

June 30, 2021

	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement Fund	Debt Service Fund	Capital Projects Fund	Tort Fund	Total
Assets								
Cash and cash equivalents	\$ 13,279,559	\$ 8,100,629	\$ 195,921	\$ 480,336	\$ 1,022,559	\$ 2,872,824	\$ 547,296	\$ 26,499,124
Due from employees	4,860	-	-	-	-	-	-	4,860
Total Assets	<u>\$ 13,284,419</u>	<u>\$ 8,100,629</u>	<u>\$ 195,921</u>	<u>\$ 480,336</u>	<u>\$ 1,022,559</u>	<u>\$ 2,872,824</u>	<u>\$ 547,296</u>	<u>\$ 26,503,984</u>
Liabilities								
Accrued payroll & liabilities	\$ 916,460	\$ -	\$ -	\$ 15,653	\$ -	\$ -	\$ -	\$ 932,113
Total Liabilities	<u>916,460</u>	<u>-</u>	<u>-</u>	<u>15,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>932,113</u>
Fund Balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted:								
Operations and Maintenance Fund	-	8,100,629	-	-	-	-	-	8,100,629
Transportation Fund	-	-	195,921	-	-	-	-	195,921
Municipal Retirement Fund	-	-	-	464,683	-	-	-	464,683
Debt Service Fund	-	-	-	-	1,022,559	-	-	1,022,559
Capital Projects Fund	-	-	-	-	-	2,872,824	-	2,872,824
Tort Fund	-	-	-	-	-	-	547,296	547,296
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	12,367,959	-	-	-	-	-	-	-
Total Fund Balance	<u>12,367,959</u>	<u>8,100,629</u>	<u>195,921</u>	<u>464,683</u>	<u>1,022,559</u>	<u>2,872,824</u>	<u>547,296</u>	<u>25,571,871</u>
Total Liabilities and Fund Balance	<u>\$ 13,284,419</u>	<u>\$ 8,100,629</u>	<u>\$ 195,921</u>	<u>\$ 480,336</u>	<u>\$ 1,022,559</u>	<u>\$ 2,872,824</u>	<u>\$ 547,296</u>	<u>\$ 26,503,984</u>

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

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Modified Cash Basis - Governmental Funds

Year Ended June 30, 2021

	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement Fund	Debt Service Fund	Capital Projects Fund	Tort Fund	Total
Revenues Received								
Property taxes	\$ 10,747,601	\$ 1,298,157	\$ 55,082	\$ 174,786	\$ 991,253	\$ -	\$ -	\$ 13,266,879
Replacement taxes	-	-	-	95,129	-	-	-	95,129
Tuition	222,770	-	-	-	-	-	-	222,770
Interest income	311,892	-	-	-	-	-	-	311,892
Food service	20,209	-	-	-	-	-	-	20,209
Pupil activities	3,500	-	-	-	-	-	-	3,500
Donations	725	-	-	-	-	-	-	725
Refund of prior years' expenditures	26,357	-	-	-	-	-	-	26,357
Payments from other districts	156,778	-	-	-	-	-	-	156,778
Other	4,950	-	-	-	-	-	-	4,950
State sources	7,540,800	-	23,333	-	-	-	-	7,564,133
Federal sources	304,890	-	-	-	-	-	-	304,890
Total Revenues Received	19,340,472	1,298,157	78,415	269,915	991,253	-	-	21,978,212
Expenditures Disbursed								
Instruction	14,620,034	-	-	103,693	-	-	-	14,723,727
Support services	3,506,252	925,315	2,152	140,590	-	-	77,219	4,651,528
Payments to other governmental units	390,801	-	-	-	-	-	-	390,801
Capital outlay	3,049	6,273	-	-	-	326,870	-	336,192
Debt service - interest and other	-	-	-	-	219,978	-	-	219,978
Debt service - principal	-	-	-	-	740,000	-	-	740,000
Total Expenditures Disbursed	18,520,136	931,588	2,152	244,283	959,978	326,870	77,219	21,062,226
Excess (Deficiency) of Revenues Over/(Under) Expenditures	820,336	366,569	76,263	25,632	31,275	(326,870)	(77,219)	915,986
Net Change in Fund Balances	820,336	366,569	76,263	25,632	31,275	(326,870)	(77,219)	915,986
Fund Balances, beginning of year	11,547,623	7,734,060	119,658	439,051	991,284	3,199,694	624,515	24,655,885
Fund Balances, ending of year	\$ 12,367,959	\$ 8,100,629	\$ 195,921	\$ 464,683	\$ 1,022,559	\$ 2,872,824	\$ 547,296	\$ 25,571,871

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

KENILWORTH SCHOOL DISTRICT NO. 38

*Reconciliations of the Governmental Funds to the
Statement of Net Position and the Statement of Activities
Year Ended June 30, 2021*

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Total Fund Balances -Total Governmental Funds	\$ 25,571,871
--	----------------------

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

Amount net of depreciation	9,281,419
----------------------------	-----------

Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position

(7,442,480)

Total Net Position of Governmental Activities	\$ 27,410,810
--	----------------------

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Governmental Statement of Activities and Changes in Net Position

Excess (Deficiency) of Revenue Over Expenditures Governmental Funds	\$ 915,986
--	-------------------

Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life.
(amount shown is net of depreciation)

(138,445)

Governmental funds report the payment of debt and leases as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.

Long-term debt payments	740,000
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Amortization of premium	14,264
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Changes in Net Position Governmental Funds	\$ 1,531,805
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The accompanying notes are an integral part of these financial statements.

KENILWORTH SCHOOL DISTRICT NO. 38

Statement of Assets and Liabilities Arising from Cash Transactions - Agency Funds

June 30, 2021

	Agency Funds
Assets	
Cash and investments, at cost	\$ 202,262
Total Assets	<u>\$ 202,262</u>
Liabilities	
Due to student activities	\$ 202,262
Total Liabilities	<u>\$ 202,262</u>

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education, *Illinois Program Accounting Manual*. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements are as follows:

REPORTING ENTITY

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

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. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. 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 standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds required by the Illinois State Board of Education (ISBE). Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

GOVERNMENTAL FUND TYPES

Governmental fund types are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

General Fund – The General Fund consists of the legally mandated Educational Account and Working Cash Account, and is the primary operating fund of the District and is always classified as a major fund. It is used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – The Special Revenue Funds, which include the Operations and Maintenance Fund, Transportation Fund, Tort Fund and the Municipal Retirement Fund, are used to account for revenue received from specific sources (other than those accounted for in the Debt Service and Capital Projects Funds) that are legally restricted to expenditures disbursed for specified purposes.

Debt Service Fund – The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Capital Projects Funds – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Fire Prevention and Safety Fund accounts for financial resources to be used for life safety projects.

FIDUCIARY FUND TYPES (NOT INCLUDED IN GOVERNMENT-WIDE STATEMENTS)

Agency Funds – The Agency Funds (Student Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MAJOR AND NONMAJOR FUNDS

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, liabilities, revenues received, or expenditures disbursed of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues received, or expenditures disbursed of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The District has classified all funds as major:

Major:

Educational Account See above for description.

Working Cash Account See above for description.

Operations and

Maintenance Fund A Special Revenue Fund to account for the repair and maintenance of District property.

Transportation Fund A Special Revenue Fund to account for activity relating to student transportation to and from school.

Municipal Retirement

Fund A Special Revenue Fund to account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund for non-certified employees.

Debt Service Fund A Debt Service Fund to accumulate resources for, and payment of, general long-term debt, principal, interest, and related costs.

Capital Projects Fund A Capital Projects Fund to accumulate resources for, and payment of the acquisition or construction of major capital facilities.

Tort Fund A Special Revenue Fund to account for activity relating to District tort immunity.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted assets from net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

MEASUREMENT FOCUS

The basic financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

CASH AND CASH EQUIVALENTS

Cash equivalents of the District, which are highly liquid certificate of deposits (CD's) and reported by the District at cost. Gains or losses on the sale of CD's are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which cash and cash equivalents are made must be approved by the Board of Education.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District maintains a cash and cash equivalents pool that is available for use by all funds. In addition, cash equivalents may be separately held by some of the District's funds. Cash at fiscal agents has been excluded from the amounts shown.

EQUITY CLASSIFICATIONS/FUND BALANCE REPORTING

Equity is classified in government-wide statements as net position and displayed in three components as follows:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

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

Unrestricted net position – Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

Fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – 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. Due to the cash basis used by the District there is nothing to report for this classification.

Restricted – the restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Account. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *State Grants* – proceeds from state grants and the related expenditures have been included in the Educational Account and Transportation Fund. At June 30, 2021, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balance.
- *Federal Grants* – proceeds from federal grants and the related expenditures have been included in the Educational Account. At June 30, 2021, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted balance.
- *Social Security* – expenditures disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement Fund. Expenditures disbursed exceeded revenue received, resulting in no restricted balance.
- *Tort Immunity Tax Levy* - expenditures disbursed and the related cash receipts of this restricted tax levy are accounted for in the Tort Fund. Disbursements made from this fund included: \$4,139 for unemployment insurance, \$40,814 for liability insurance and \$32,266 for workers' compensation in the year ended June 30, 2021, resulting in a restricted fund balance of \$547,296.

Committed – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of 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.

Assigned – The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

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

Expenditures of fund balances – unless specifically identified, expenditures disbursed act to reduce restricted balances first, then to 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.

CAPITAL ASSETS

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003,

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

fixed assets were not capitalized. Such assets have been valued at estimated historical cost. The capitalization threshold is \$2,000. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings and improvements 20 - 40 years, land improvements 15 - 20, transportation equipment 5 - 10 years, equipment 5 - 20 years.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether they are reported in the governmentwide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

PROGRAM REVENUES

Amounts reported as program revenues include 1) Tuition and fees and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than as program revenues.

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2021, the carrying amount of the District's deposits, (including cash on hand of \$900) totaled \$26,499,124 and the bank balances totaled \$27,020,356, (including cash and cash equivalents in external pools).

Type	Total Cost	Less Than One Year	One to Five Years	Over Five Years
Municipal Bonds	\$ 441,775	\$ -	\$ 441,775	\$ -
Total	<u>\$ 441,775</u>	<u>\$ -</u>	<u>\$ 441,775</u>	<u>\$ -</u>

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk. Under Illinois law, the District is restricted to investing funds in specific types of investments. The following generally represents the types of instruments allowable by state law.

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds Money Market Fund.
- The Illinois School District Liquid Asset Fund.
- Repurchase agreements, which meet instrument transactions, requirements of Illinois law.

Interest Rate Risk. The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. The weighted average of the investment maturity was 29.18 days and the weighted portfolio yield was 1.818%.

Credit Risk. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized rating organization (NRSRO's). The District has no investment policy that would further limit its investment choices. As of June 30, 2021, all the District's other investments had either "Aa" or higher rating by Moody's.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) and the Illinois Institutional Investors Fund (IIIT) are a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. Neither is registered with the SEC as an investment company. Investments are each rated AAAM and are valued at share price, which is the price for which the investment could be sold.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

Concentration of Credit Risk. The District's policy states investments shall be diversified to avoid incurring unreasonable risks regarding specific security types and/or individual financial institutions. The District shall diversify its investments to the best of its ability based upon the type of funds invested, available institutions to invest in, and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the bank or the counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in possession of an outside party. Of the District's deposits, \$8,399,499 is covered by depository insurance, or collateral held by the District's agents, and \$18,620,857 is uninsured.

Custodial Credit Risk – Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring all investments to be secured by private insurance or collateral. Investments held in liquid asset funds as indicated above are not collateralized or insured.

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and un-invested balances in the common checking and investment

NOTE 3 – PROPERTY TAXES

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December of the subsequent year. The adoption date for the 2020 tax levy was December 14, 2020. Taxes attach as an enforceable lien on property on January 1 and are payable in two installments (June 1 and September 1) subsequent to the year of levy. The District receives significant distributions of tax receipts approximately one month after these due dates.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 3 – PROPERTY TAXES (CONTINUED)

	Maximum 2020 Levy	Actual 2019 Levy	Actual 2020 Levy
Educational	0.0000	2.9681	3.0686
Operations & Maintenance	0.5500	0.3532	0.3785
Debt Service	0.0000	0.2758	0.2817
Transportation	0.0000	0.0147	0.0162
Municipal Retirement	0.0000	0.0437	0.0541
Total		3.6555	3.7991

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Not being depreciated:				
Land	\$ 26,342	\$ -	\$ -	\$ 26,342
CIP	-	326,870	-	326,870
Depreciable capital assets:				
Land improvements	454,921	-	-	454,921
Building and improvements	16,240,001	-	-	16,240,001
Equipment	1,910,195	9,322	-	1,919,517
Total	18,631,459	336,192	-	18,967,651
Accumulated Depreciation:				
Land improvements	278,511	17,695	-	296,206
Building and improvements	7,433,323	386,025	-	7,819,348
Equipment	1,499,761	70,917	-	1,570,678
Total	9,211,595	474,637	-	9,686,232
Net Capital Assets	\$ 9,419,864	\$(138,445)	\$ -	\$ 9,281,419

Depreciation was not charged to any specific function.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
2017 Refunding Bonds	\$ 4,740,000	\$ -	\$ 635,000	\$ 4,105,000	\$ 650,000
2017A Limited Bonds	3,200,000	-	105,000	3,095,000	115,000
Unamortized Premium	256,744	-	14,264	242,480	14,264
Total	<u>\$ 8,196,744</u>	<u>\$ -</u>	<u>\$ 754,264</u>	<u>\$ 7,442,480</u>	<u>\$ 779,264</u>

GENERAL OBLIGATION BONDS PAYABLE

\$1,515,000, November 15, 2011 General Obligation Refunding Limited Bonds, refunding \$1,460,000 of 2001 Limited Bonds, due semi-annually, annual payments varying from \$12,213 to \$203,526 beginning in 2013 and continuing through 2020, interest rates varying from 1.0% to 2.5%.

\$5,970,000, April 27, 2017 General Obligation Refunding Limited Bonds, refunding \$5,870,000 of 2007 Building Bonds, due semi-annually, annual payments varying from \$134,597 to \$729,324 beginning in 2018 and continuing through 2027, interest rate 2.06%.

\$3,200,000, December 28, 2017 General Obligation Limited Tax School Bonds, Working Cash Fund financing, due semi-annually, annual payments varying from \$54,400 to \$270,700 beginning in 2018 and continuing through 2038, interest rate 4.00%.

The Illinois School Code limits the amount of indebtedness to 6.9% of \$367,618,465, the most recent assessed valuation of the District. The District's remaining debt margin at June 30, 2020, is \$17,425,674.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements
Year Ended June 30, 2021

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

At June 30, 2021, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Bonds	
	Principal	Interest
2022	\$ 765,000	\$ 199,368
2023	785,000	181,124
2024	800,000	162,421
2025	825,000	143,162
2026	850,000	123,194
2027	870,000	102,616
2028	160,000	89,000
2029	170,000	82,400
2030	180,000	75,400
2031	185,000	68,100
2032	195,000	60,500
2033	205,000	52,500
2034	220,000	44,000
2035	230,000	35,000
2036	240,000	25,600
2037	255,000	15,700
2038	265,000	5,300
Total	<u>\$ 7,200,000</u>	<u>\$ 1,465,385</u>

NOTE 6 - OPERATING LEASE OBLIGATIONS

During the fiscal year ended June 30, 2020, the District entered into an operating lease for copiers with a 36 month term and \$2,175.33 per month payment to start on August 11, 2020 and end on August 11, 2024. The minimum future payments are as follows:

Fiscal Year	Minimum Annual Payment
2022	\$ 26,104
2023	26,104
2024	4,351
Total	<u>\$ 56,559</u>

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements
Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS

TEACHER'S RETIREMENT SYSTEM

GENERAL INFORMATION ABOUT THE PENSION PLAN

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafrs>; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

BENEFITS PROVIDED

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest 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 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different than Tier 1.

Essentially all Tier 1 retirees receive an annual 3 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 2 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 3 hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be funded by bonds issued by the state of Illinois.

CONTRIBUTIONS

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the system up to 90 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, 2020 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 employer. For the year ended June 30, 2021, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$7,266,031 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, 2021, were \$41,324, and are deferred because they were paid after the June 30, 2020 measurement date.

FEDERAL AND SPECIAL TRUST FUND CONTRIBUTIONS

When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the 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.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2021, the employer pension contribution was 10.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$0 were paid from federal and special trust funds that required employer contributions of \$0. These contributions are deferred because they were paid after the June 30, 2020 measurement date.

EMPLOYER RETIREMENT COST CONTRIBUTIONS

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

A onetime contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the employer paid \$24,737 to TRS for employer contributions due on salary increases in excess of 6 percent, \$0 for salary increases in excess of 3 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, 2020, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's proportionate share of the net pension liability	\$ 871,051
State's proportionate share of the net pension liability associated with the employer	<u>68,225,222</u>
Total	<u>\$ 69,096,273</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2020, the employer's proportion was 0.0010103209 percent, which was a decrease of 0.0001139522 percent from its proportion measured as of June 30, 2019.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2021, the employer recognized pension expense of \$7,266,031 and revenue of \$7,266,031 for support provided by the state. At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,441	\$ 233
Net difference between projected and actual earnings on pension plan investments	26,008	-
Changes in assumptions	3,569	9,139
Changes in proportion and differences between employer contributions and proportionate share of contributions	251,514	185,529
Total deferred amounts to be recognized in pension expense in future periods	289,532	194,901
Employer contributions subsequent to the measurement date	41,324	-
Total	\$ 330,856	\$ 194,901

\$41,324 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2022. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ended June 30,	
2022	85,305
2023	15,370
2024	2,907
2025	(1,917)
2026	(7,032)
Total	94,633

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

ACTUARIAL ASSUMPTIONS

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

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

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

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

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements
Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

DISCOUNT RATE

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

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

SENSITIVITY OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$1,057,297	\$ 871,051	\$ 717,716

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

IMRF PLAN DESCRIPTION

The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by

the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

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, 2020, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	24
Inactive Plan Members entitled to but not yet receiving benefits	91
Active Plan Members	17
Total	<u>132</u>

CONTRIBUTIONS

As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2020 was 8.24%. For the calendar year 2020, the employer contributed \$80,558 to the plan.

The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

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

ACTUARIAL ASSUMPTIONS

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study for the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both adjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information: There were no benefit changes during the year.

Notes

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2020 Illinois Municipal Retirement Fund annual actuarial valuation report.

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:

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements
Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

Asset Class	Portfolio Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	1%	0.70%
Total	100%	

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:

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

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Pension (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2019	\$ 3,522,353	\$ 3,586,903	\$ (64,550)
Changes for the year:			
Service Cost	110,246	-	110,246
Interest on the Total Pension Liability	251,356	-	251,356
Changes of Benefit Terms	-	-	-
Differences Between expected and Actual Experience of the Total Pension Liability	3,063	-	3,063
Changes of Assumptions	(45,999)	-	(45,999)
Contributions-Employer	-	80,558	(80,558)
Contributions- Employees	-	43,955	(43,955)
Net Investment Income	-	516,751	(516,751)
Benefit Payments, Including Refunds of Employee Contributions	(221,005)	(221,005)	-
Other (Net Transfer)	-	32,991	(32,991)
Net Changes	97,661	453,250	(355,589)
Balance at December 31, 2020	\$ 3,620,014	\$ 4,040,153	\$ (420,139)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Total Pension Liability	\$ 3,977,223	\$ 3,620,014	\$ 3,328,181
Plan Fiduciary Net Position	4,040,193	4,040,193	4,040,193
Net Pension Liability/(Asset)	\$ (62,970)	\$ (420,179)	\$ (712,012)

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2021, the employer recognized pension income of \$133,035. At June 30, 2021, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 1,231	\$ -	\$ 1,231
Changes of assumptions	-	18,491	(18,491)
Net difference between projected and actual earnings on pension plan investments	177,675	494,775	(317,100)
Total deferred amounts to be recognized in pension expense in future periods	178,906	513,266	(334,360)
Pension contributions made subsequent to the measurement date	62,671	-	62,671
Total deferred amounts related to pensions	\$ 241,577	513,266	\$ (271,689)

PENSION CONTRIBUTIONS MADE SUBSEQUENT TO THE MEASUREMENT DATE

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 Ending December 31,	Net Deferred Outflows of Resources
2021	\$ (117,870)
2022	(37,926)
2023	(126,763)
2024	(51,801)
2025	-
Thereafter	-
Total	\$ (334,360)

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements
Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate *

Valuation Date: December 31, 2020

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-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 19 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based on 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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. There were no benefit changes during the year
Other Information:	*Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation
Notes	

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 7 - RETIREMENT SYSTEMS (CONTINUED)

AGGREGATE PENSION AMOUNTS

For the Year Ended June 30, 2021, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 289,532	\$ 178,906	\$ 468,438
Net Pension Liability	871,051	(420,139)	450,912
Deferred Inflows of Resources	194,901	513,266	708,167
Pension Expense, Net of State Support	(63,306)	(133,035)	(196,341)

NOTE 8 - COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally certain of the funds participating in the common bank account could incur overdrafts (deficits) in the account. The overdrafts result from expenses paid that have been approved by the School Board.

NOTE 9 - RISK MANAGEMENT

The District has purchased insurance from risk pools and private insurance companies. Risks covered include general liability, workers compensation, medical and other. Premiums have been displayed as expenses paid in appropriate funds.

NOTE 10 - JOINT AGREEMENTS

The District is a member of North Suburban Special Education District (NSSD), an organization to provide special education programs and services to the students enrolled. Financial statements are obtained by the District from each of these entities and are available generally after November 1st following each fiscal year. Each member district has a financial responsibility to make annual contributions based the joint agreement.

The District is a member of Collective Liability Insurance Cooperative (CLIC), which has been formed to provide casualty, property and liability protection and to administer some, or all insurance coverage and protection other than health, life and accident coverage procured by the member districts. It is intended, by the creation of CLIC, to allow a member district to equalize annual fluctuations in insurance costs by

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 10 - JOINT AGREEMENTS (CONTINUED)

establishing a program whereby reserves may be created and temporary deficits of individual districts covered, thereby equalizing the risks and stabilizing the costs of providing casualty, property and liability protection.

The District is also a member, along with other area school districts, of the School Employees Loss Fund (SELF). The District obtains workers compensation insurance, and claims and loss administration services through SELF.

The District is financially responsible for annual premiums based on types and levels of coverage. SELF is separately audited and its financial information is not included in these financial statements. Financial information may be obtained by contacting the District.

NOTE 11 - CONTINGENCIES

The District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2021 have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

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

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

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

BENEFITS PROVIDED

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

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
 - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
 - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
 - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

CONTRIBUTIONS

For the fiscal year ended June 30, 2021, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.24% of salary and for every employer of a teacher to contribute an amount equal to .92% of each teacher's salary. For the fiscal year ended June 30, 2020, the employee contribution was 1.24% of salary and the employer contribution was .92% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

ON-BEHALF CONTRIBUTIONS TO THIS

The State of Illinois makes employer benefit contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.24 percent of pay during the year ended June 30, 2021. State of Illinois contributions were \$88,348, and the employer recognized revenue and expenditures of this amount during the year.

OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEBS

At June 30, 2021, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for state benefit support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,682,066
State's proportionate share of the net pension liability associated with the District	10,407,107
Total	<u>\$ 18,089,173</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2020, relative to the contributions of all participating THIS employers and the State during that period.

At June 30, 2020, the District's proportion was 0.028733%, which was an increase of 0.000005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District had benefit expense of \$334,662 and on-behalf revenue/expense of \$88,348 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 204,105	\$ (204,105)
Net difference between projected and actual earnings on pension plan investments	-	219	(219)
Changes in assumptions	2,601	1,267,147	(1,264,546)
Changes in proportion and differences between employee contributions and proportionate share of contributions	569,164	37,314	531,850
Total	<u>\$ 571,765</u>	<u>\$ 1,508,785</u>	<u>\$ (937,020)</u>

ACTUARIAL ASSUMPTIONS

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

Inflation	2.50%
Salary Increases	Depends on service and ranges from 9.50% at 1 year of service to 4.00% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Costs	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decrease to an ultimate trend of 4.5%. Additional trend rate of 0.31% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for THIS 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 improvements using Projection Scale MP-2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Illinois Public Treasurers' Investment Pool	100%	1.300%

DISCOUNT RATE

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since TRIP (Teachers' Retirement Insurance Program) is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, THIS's fiduciary net position at June 30, 2020 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on THIS investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized subsequent events, (events or transactions that relate to conditions present at the balance sheet date) and non-recognized subsequent events, (events or transactions that relate to conditions that did not exist at the balance sheet date but arose after that date).

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Financial Statements

Year Ended June 30, 2021

NOTE 13 – SUBSEQUENT EVENTS (CONCLUDED)

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2021, and the report release date requiring disclosure in the financial statements.

OTHER INFORMATION

KENIL WORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Employer Contributions

Teachers' Retirement System of the State of Illinois

June 30, 2021

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contractually required contribution	\$ 682,561	\$ 691,920	\$ 657,220	\$ 637,321	\$ 622,664	\$ 595,979
Contributions in relation to the contractually required contribution	682,561	691,920	657,220	637,321	622,664	595,979
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 7,139,852	\$ 7,222,550	\$ 6,860,337	\$ 6,584,430	\$ 6,402,058	\$ 5,919,357
Contributions as a percentage of covered-employee payroll	9.56%	9.58%	9.58%	9.68%	9.73%	10.07%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information is presented for those years for which information is available.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Teachers' Retirement System of the State of Illinois

June 30, 2021

	FY 2020	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
	0.0010103209%	0.0011242731%	0.0009959071%	0.0011284120%	-0.0001083529%	0.0024759891%
Employer's proportion of the net pension liability						
Employer's proportionate share of the net pension liability	\$ 871,051	\$ 911,877	\$ 760,855	\$ 862,086	\$ (85,529)	\$ 1,622,022
State proportionate share of the net pension liability associated with the employer	68,225,222	64,897,314	53,176,939	47,310,265	(36,393,701)	59,176,132
Total	\$ 69,096,273	\$ 65,809,191	\$ 53,937,794	\$ 48,172,351	\$ (36,479,230)	\$ 60,798,154
Employer's covered-employee payroll	\$ 7,139,852	\$ 7,222,550	\$ 6,860,337	\$ 6,584,430	\$ 6,402,058	\$ 5,919,357
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.20%	12.63%	11.09%	13.09%	-1.34%	27.40%
Plan fiduciary net position as a percentage of the total pension liability	37.80%	39.60%	40.00%	39.30%	36.40%	41.50%

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

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

Illinois Municipal Retirement Fund

June 30, 2021

Calendar year ended December 31,	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 110,246	\$ 105,215	\$ 83,749	\$ 90,129	\$ 82,643	\$ 100,510	\$ 99,119
Interest on the total pension liability	251,356	247,800	235,918	229,673	212,345	209,919	189,804
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	3,063	(85,269)	80,322	95,354	134,945	(71,947)	31,591
Changes of assumption	(45,999)	-	85,013	(113,715)	-	-	141,996
Benefit payments, including refunds of employee contributions	(221,005)	(221,435)	(225,325)	(204,640)	(200,634)	(193,758)	(196,252)
Net change in total pension liability	97,661	46,311	259,677	96,801	229,299	44,724	266,258
Total pension liability - beginning	3,522,353	3,476,042	3,216,365	3,119,564	2,890,265	2,845,541	2,579,283
Total pension liability - ending (A)	<u>\$ 3,620,014</u>	<u>\$ 3,522,353</u>	<u>\$ 3,476,042</u>	<u>\$ 3,216,365</u>	<u>\$ 3,119,564</u>	<u>\$ 2,890,265</u>	<u>\$ 2,845,541</u>
Plan fiduciary net position							
Contributions - employer	\$ 80,558	\$ 86,651	\$ 74,745	\$ 54,246	\$ 59,778	\$ 61,872	\$ 64,856
Contributions - employees	43,995	44,218	40,090	33,952	34,268	36,926	40,489
Net investment income	516,751	596,088	(194,924)	529,671	197,256	14,401	170,316
Benefit payments, including refunds of employee contributions	(221,005)	(221,435)	(225,325)	(204,640)	(200,634)	(193,758)	(196,252)
Other (net transfer)	32,991	(31,788)	79,695	(32,058)	(2,419)	22,420	10,676
Net change in plan fiduciary net position	453,290	473,734	(225,719)	381,171	88,249	(58,139)	90,085
Plan fiduciary net position - beginning	3,586,903	3,113,169	3,338,888	2,957,717	2,869,468	2,927,607	2,837,522
Plan fiduciary net position - ending (B)	<u>\$ 4,040,193</u>	<u>\$ 3,586,903</u>	<u>\$ 3,113,169</u>	<u>\$ 3,338,888</u>	<u>\$ 2,957,717</u>	<u>\$ 2,869,468</u>	<u>\$ 2,927,607</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ (420,179)</u>	<u>\$ (64,550)</u>	<u>\$ 362,873</u>	<u>\$ (122,523)</u>	<u>\$ 161,847</u>	<u>\$ 20,797</u>	<u>\$ (82,066)</u>
Plan fiduciary net position as a percentage of total pension liability							
	111.61%	101.83%	89.56%	103.81%	94.81%	99.28%	102.88%
Covered valuation payroll	977,654	982,619	890,887	754,476	761,510	820,571	887,821
Net pension liability as a percentage of covered valuation payroll							
	-42.98%	-6.57%	40.73%	-16.24%	21.25%	2.53%	-9.24%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

June 30, 2021

Calendar year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % fo Covered Valuation Payroll
2014	\$ 69,339	\$ 64,856	\$ 4,483	\$ 887,821	7.31%
2015	61,871	61,872	(1)	820,571	7.54%
2016	59,779	59,778	1	761,510	7.85%
2017	54,247	54,246	1	754,476	7.19%
2018	74,745	74,745	-	890,887	8.39%
2019	66,130	86,651	(20,521)	982,619	8.82%
2020	80,559 *	80,558	1	977,654	8.24%

* Estimated based on a contribution rate of 8.24% and covered payroll valuation of \$977,654.

Valuation Date:

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

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer Contributions

Illinois Municipal Retirement Fund

June 30, 2021

Methods and Assumptions Used to Determine 2020 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%. Approximate; No explicit price inflation assumption is used in this valuation.
<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 to 2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2107 (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 to 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.
<i>Other Information:</i>	
<i>Notes -</i>	There were no benefit changes during the year.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of Employer Contributions

Teacher Health Insurance Security System of the State of Illinois

June 30, 2021

	FY 2021	FY 2020	FY 2019	FY 2018
Contractually required contribution	\$ 66,871	\$ 64,960	\$ 56,818	\$ 53,022
Contributions in relation to the contractually required contribution	66,871	64,960	56,818	53,022
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 7,124,852	\$ 7,222,550	\$ 6,860,337	\$ 6,584,430
Contributions as a percentage of covered-employee payroll	0.94%	0.90%	0.83%	0.81%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information is presented for those years for which information is available.

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

KENILWORTH SCHOOL DISTRICT NO. 38

OTHER INFORMATION

Schedule of the Employer's Proportionate Share of the Net Pension Liability

Teacher Health Insurance Security System of the State of Illinois

June 30, 2021

	FY 2021	FY 2020	FY 2019	FY 2018
Employer's proportion of the net pension liability	0.028733%	0.028728%	0.027236%	0.027439%
Employer's proportionate share of the net pension liability	\$ 7,682,066	\$ 7,951,249	\$ 7,175,689	\$ 7,120,166
State proportionate share of the net pension liability associated with the employer	10,407,107	10,767,006	9,635,403	9,350,547
Total	<u>\$ 18,089,173</u>	<u>\$ 18,718,255</u>	<u>\$ 16,811,092</u>	<u>\$ 16,470,713</u>
Employer's covered-employee payroll	\$ 7,124,852	\$ 7,222,550	\$ 6,860,337	\$ 6,584,430
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	107.82%	110.09%	104.60%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	0.25%	0.25%	-0.07%	-0.17%

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

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Changes in Assumptions:

For the 2020 measurement year, the assumed investment rate of return was 0%, including an inflation rate of 2.75%, and the healthcare cost trend rates used the actual trend. Salary increases include a 3.25% wage inflation.

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

KENILWORTH SCHOOL DISTRICT NO. 38

General Fund

Combining Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis

June 30, 2021

	Educational Account	Working Cash Account	Total General Fund
Assets			
Cash and cash equivalents	\$ 10,288,519	\$ 2,991,040	\$ 13,279,559
Due from employees	4,860	-	4,860
Total Assets	\$ 10,293,379	\$ 2,991,040	\$ 13,284,419
Liabilities			
Accrued payroll Liabilities	\$ 916,460	\$ -	\$ 916,460
Total Liabilities	916,460	-	916,460
Fund Balance			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	9,376,919	2,991,040	12,367,959
Total Fund Balance	9,376,919	2,991,040	12,367,959
Total Liabilities and Fund Balance	\$ 10,293,379	\$ 2,991,040	\$ 13,284,419

KENILWORTH SCHOOL DISTRICT NO. 38

*General Fund - Combining Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Modified Cash Basis*

Year Ended June 30, 2021

	Educational Account	Working Cash Account	Total General Fund
Revenues Received			
Property taxes	\$ 10,747,601	\$ -	\$ 10,747,601
Tuition	222,770	-	222,770
Interest income	305,145	6,747	311,892
Food service	20,209	-	20,209
Fees	3,500	-	3,500
Student Activities	-	-	-
Donations	725	-	725
Refund of prior years' expenditures	26,357	-	26,357
Payments from other districts	156,778	-	156,778
Other	4,950	-	4,950
State sources	7,540,800	-	7,540,800
Federal sources	304,890	-	304,890
Total Revenues Received	19,333,725	6,747	19,340,472
Expenditures Disbursed			
Instruction	14,620,034	-	14,620,034
Support services	3,506,252	-	3,506,252
Payments to other governmental units	390,801	-	390,801
Capital outlay	3,049	-	3,049
Total Expenditures Disbursed	18,520,136	-	18,520,136
Excess (Deficiency) of Revenues Over/(Under) Expenditures	813,589	6,747	820,336
Net Change in Fund Balances	813,589	6,747	820,336
Fund Balances, beginning of year	8,563,330	2,984,293	11,547,623
Fund Balances, ending of year	<u>\$ 9,376,919</u>	<u>\$ 2,991,040</u>	<u>\$ 12,367,959</u>

KENILWORTH SCHOOL DISTRICT NO. 38

*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis*

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	\$ 10,911,283	\$ 10,911,283	\$ 10,747,601
Tuition	160,000	160,000	222,770
Interest income	242,000	242,000	305,145
Food service	-	-	20,209
Athletic fees	-	-	3,500
Donations	-	-	725
Refund of prior years' expenditures	-	-	26,357
Payments from other districts	-	-	156,778
Other	-	-	4,950
Total Local Sources	11,313,283	11,313,283	11,488,035
State Sources:			
General state aid	274,019	274,019	274,019
On behalf payments to TRS	-	-	7,266,031
Other	-	-	750
Total State Sources	274,019	274,019	7,540,800
Federal sources:			
Title I - low income	-	-	7,013
Title IV - student support	-	-	10,000
I.D.E.A. flow thru - preschool	-	-	289
I.D.E.A. flow thru	50,000	50,000	131,364
I.D.E.A. room & board	-	-	423
Other grants	-	-	155,801
Total Federal Sources	50,000	50,000	304,890
Total Revenues Received	11,637,302	11,637,302	19,333,725
Expenditures Disbursed			
Instruction:			
Regular Programs:			
Salaries	4,594,363	4,594,363	4,438,340
Employee benefits	826,137	826,137	830,107
Employee benefits - on behalf	-	-	7,266,031
Purchased services	11,533	11,533	22,682
Supplies and materials	276,000	276,000	200,431

KENILWORTH SCHOOL DISTRICT NO. 38*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and**Changes in Fund Balance - Budget and Actual - Modified Cash Basis**Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Regular Programs (continued)			
Capital outlay	\$ 35,000	\$ 35,000	\$ -
Non-capitalized equipment	50,000	50,000	107,420
Total	5,793,033	5,793,033	12,865,011
Tuition Payment to Charter Schools			
Purchased services	500	500	-
Total	500	500	-
Pre-K Programs:			
Salaries	84,952	84,952	84,971
Employee benefits	1,399	1,399	25,104
Supplies and materials	5,000	5,000	363
Total	91,351	91,351	110,438
Special Education Programs:			
Salaries	817,740	817,740	823,061
Employee benefits	269,572	269,572	191,967
Purchased services	25,000	25,000	38,942
Supplies and materials	12,500	12,500	15,389
Total	1,124,812	1,124,812	1,069,359
Remedial and Supplemental Programs			
Salaries	471,785	471,785	475,562
Employee benefits	209	209	92,940
Total	471,994	471,994	568,502
Interscholastic Programs:			
Salaries	63,760	63,760	6,177
Employee benefits	427	427	59
Purchased services	5,771	5,771	488
Total	69,958	69,958	6,724
Summer School:			
Salaries	20,000	20,000	-
Employee benefits	300	300	-
Total	20,300	20,300	-
Total Instruction	7,571,948	7,571,948	14,620,034

KENILWORTH SCHOOL DISTRICT NO. 38

*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis*

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Expenditures (continued)			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 169,089	\$ 169,089	\$ 270,545
Employee benefits	32,706	32,706	51,187
Supplies and materials	500	500	125
Total	202,295	202,295	321,857
Health:			
Salaries	60,320	60,320	60,320
Employee benefits	2,014	2,014	1,066
Purchased services	20,000	20,000	4,590
Supplies and materials	1,000	1,000	3,539
Total	83,334	83,334	69,515
Psychological:			
Salaries	70,974	70,974	70,974
Employee benefits	11,988	11,988	11,649
Total	82,962	82,962	82,623
Speech Pathology and Audiology:			
Salaries	78,121	78,121	78,121
Employee benefits	12,096	12,096	11,756
Supplies and materials	400	400	780
Total	90,617	90,617	90,657
Other Support Services:			
Salaries	-	-	85,000
Employee benefits	-	-	1,491
Supplies and materials	-	-	163,192
Total	-	-	249,683
Instructional Staff:			
Improvement of Instructional Staff:			
Salaries	50,000	50,000	131,488
Employee benefits	2,411	2,411	1,971
Purchased services	76,000	76,000	134,368

KENILWORTH SCHOOL DISTRICT NO. 38*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis**Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Improvement of Instructional Staff (continued)			
Supplies and materials	\$ 3,569	\$ 3,569	\$ 2,172
Total	131,980	131,980	269,999
Educational Media:			
Salaries	283,729	283,729	197,301
Employee benefits	87,599	87,599	49,081
Purchased services	224,000	224,000	200,243
Supplies and materials	84,750	84,750	103,003
Capital outlay	80,000	80,000	3,049
Non-capitalized equipment	-	-	20,573
Total	760,078	760,078	573,250
General Administration:			
Board of Education:			
Salaries	32,409	32,409	33,717
Employee benefits	-	-	275
Purchased services	174,000	174,000	254,017
Supplies and materials	1,200	1,200	14,227
Other	12,000	12,000	222
Total	219,609	219,609	302,458
Executive Administration:			
Salaries	351,503	351,503	366,680
Employee benefits	34,273	34,273	97,000
Purchased services	2,000	2,000	-
Supplies and materials	1,500	1,500	1,353
Other	3,500	3,500	824
Total	392,776	392,776	465,857
Special Area Administration Services:			
Salaries	142,500	142,500	174,555
Employee benefits	31,096	31,096	61,942
Purchased services	33,000	33,000	29,616
Other	2,000	2,000	17,191
Total	208,596	208,596	283,304

KENILWORTH SCHOOL DISTRICT NO. 38*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis**Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
School Administration: (continued)			
Office of the Principal:			
Salaries	\$ 346,065	\$ 346,065	\$ 348,358
Employee benefits	138,497	138,497	154,635
Purchased services	42,300	42,300	20,413
Supplies and materials	10,000	10,000	2,993
Other	200	200	399
Total	537,062	537,062	526,798
Business:			
Direction of Business Support Services:			
Salaries	100,000	100,000	106,890
Employee benefits	14,268	14,268	899
Total	114,268	114,268	107,789
Fiscal:			
Salaries	98,810	98,810	93,454
Employee benefits	42,135	42,135	19,255
Purchased services	7,494	7,494	2,793
Supplies and materials	1,000	1,000	2,210
Total	149,439	149,439	117,712
Food Services:			
Supplies and materials	50,000	50,000	11,041
Total	50,000	50,000	11,041
Internal Services:			
Purchased services	27,000	27,000	25,120
Total	27,000	27,000	25,120
Planning, Research, Development and			
Purchased services	5,000	5,000	11,638
Total	5,000	5,000	11,638
Information Services			
Purchased services	5,000	5,000	-
Total	5,000	5,000	-
Total Support Services	3,060,016	3,060,016	3,509,301

KENILWORTH SCHOOL DISTRICT NO. 38*Educational Account - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis**Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Expenditures (concluded)			
Payments to Other Governmental Units:			
Payments for Regular Programs:			
Other	\$ 18,000	\$ 18,000	\$ 17,821
Payments to Other Governmental Units			
Payments for Special Education Programs:			
Purchased services	-	-	11,224
Other	375,000	375,000	361,756
Total Payments to Other Governmental Units	393,000	393,000	390,801
Total Expenditures Disbursed	11,024,964	11,024,964	18,520,136
Net Change in Fund Balances	\$ 612,338	\$ 612,338	813,589
Fund Balance, beginning of year			8,563,330
Fund Balance, end of year			\$ 9,376,919

KENILWORTH SCHOOL DISTRICT NO. 38

*Working Cash Account - Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual - Modified Cash Basis*

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Interest income	\$ -	\$ -	\$ 6,747
Total Local Sources	-	-	6,747
Total Revenues Received	-	-	6,747
Total Expenditures Disbursed	-	-	-
Net Change in Fund Balances	\$ -	\$ -	6,747
Fund Balance, beginning of year			2,984,293
Fund Balance, end of year			\$ 2,991,040

KENILWORTH SCHOOL DISTRICT NO. 38

*Operations and Maintenance Fund - Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget and Actual - Modified Cash Basis
Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	\$ 1,298,428	\$ 1,298,428	\$ 1,298,157
Total Local Sources	1,298,428	1,298,428	1,298,157
Total Revenues Received	1,298,428	1,298,428	1,298,157
Expenditures Disbursed			
Supporting Services - Pupils:			
Other Support Services:			
Supplies and materials	225,000	225,000	109,150
Non-capitalized equipment	-	-	454
Total Supporting Seervices - Pupil	225,000	225,000	109,604
Supporting Services - Business:			
Facilities Acquisition and Construction Services:			
Purchased services	400,000	400,000	91,316
Total	400,000	400,000	91,316
Operations and Maintenance of Plant Services:			
Salaries	173,654	173,654	169,958
Employee benefits	40,925	40,925	51,748
Purchased services	335,000	335,000	311,482
Supplies and materials	231,500	231,500	191,207
Capital outlay	10,000	10,000	6,273
Total	791,079	791,079	730,668
Total Supporting Services - Business	1,191,079	1,191,079	821,984
Total Expenditures Disbursed	1,416,079	1,416,079	931,588
Net Change in Fund Balances	\$ (117,651)	\$ (117,651)	366,569
Fund Balance, beginning of year			7,734,060
Fund Balance, end of year			\$ 8,100,629

KENILWORTH SCHOOL DISTRICT NO. 38

*Transportation Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual - Modified Cash Basis
Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	\$ 54,039	\$ 54,039	\$ 55,082
Total Local Sources	54,039	54,039	55,082
State Sources:			
Transportation aid - special education	57,785	-	23,333
Total State Sources	57,785	-	23,333
Total Revenues Received	111,824	54,039	78,415
Expenditures Disbursed			
Supporting Services:			
Pupil Transportation Services:			
Purchased services	34,960	34,960	2,152
Total Supporting Services	34,960	34,960	2,152
Total Expenditures Disbursed	34,960	34,960	2,152
Net Change in Fund Balances	\$ 76,864	\$ 19,079	76,263
Fund Balance, beginning of year			119,658
Fund Balance, end of year			\$ 195,921

KENILWORTH SCHOOL DISTRICT NO. 38

*Municipal Retirement Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual - Modified Cash Basis*

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	\$ 160,649	\$ 160,649	\$ 174,786
Replacement taxes	-	-	95,129
Total Local Sources	160,649	160,649	269,915
Total Revenues Received	160,649	160,649	269,915
Expenditures Disbursed			
Instruction - employee benefits	143,642	143,642	103,693
Supporting services - employee benefits	115,865	115,865	140,590
Total Supporting Services	259,507	259,507	244,283
Total Expenditures Disbursed	259,507	259,507	244,283
Net Change in Fund Balances	<u>\$ (98,858)</u>	<u>\$ (98,858)</u>	25,632
Fund Balance, beginning of year			439,051
Fund Balance, end of year			<u>\$ 464,683</u>

KENILWORTH SCHOOL DISTRICT NO. 38*Debt Service Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in**Fund Balance - Budget and Actual - Modified Cash Basis**Year Ended June 30, 2021*

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Property taxes	\$ 1,013,926	\$ 1,013,926	\$ 991,253
Total Local Sources	1,013,926	1,013,926	991,253
Total Revenues Received	1,013,926	1,013,926	991,253
Expenditures Disbursed			
Debt Service:			
Principal	740,000	740,000	740,000
Interest	217,004	217,004	217,004
Fiscal agent charges	1,000	1,000	2,974
Total Supporting Services	958,004	958,004	959,978
Total Expenditures Disbursed	958,004	958,004	959,978
Net Change in Fund Balances	\$ 55,922	\$ 55,922	31,275
Fund Balance, beginning of year			991,284
Fund Balance, end of year			\$ 1,022,559

KENILWORTH SCHOOL DISTRICT NO. 38

*Capital Projects Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual - Modified Cash Basis*

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Total Revenues Received	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures Disbursed			
Support Services:			
Capital outlay	<u>3,199,694</u>	<u>3,199,694</u>	<u>326,870</u>
Total Supporting Services	<u>3,199,694</u>	<u>3,199,694</u>	<u>326,870</u>
Total Expenditures Disbursed	<u>3,199,694</u>	<u>3,199,694</u>	<u>326,870</u>
 Net Change in Fund Balances	 <u><u>\$ (3,199,694)</u></u>	 <u><u>\$ (3,199,694)</u></u>	 <u><u>(326,870)</u></u>
Fund Balance, beginning of year			<u>3,199,694</u>
Fund Balance, end of year			<u><u>\$ 2,872,824</u></u>

KENILWORTH SCHOOL DISTRICT NO. 38

Tort Fund - Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance

Budget and Actual - Modified Cash Basis

Year Ended June 30, 2021

	Original Budget	Final Budget	Modified Cash Basis Actual
Revenues Received			
Local Sources:			
Replacement Taxes	\$ 61,916	\$ 61,916	\$ -
Total Local Sources	61,916	61,916	-
Total Revenues Received	61,916	61,916	-
Expenditures Disbursed			
Support Services:			
Risk management and claims services	-	-	77,219
Total Supporting Services	-	-	77,219
Total Expenditures Disbursed	-	-	77,219
Net Change in Fund Balances	\$ 61,916	\$ 61,916	(77,219)
Fund Balance, beginning of year			624,515
Fund Balance, end of year			\$ 547,296

KENILWORTH SCHOOL DISTRICT NO. 38*Activity Funds - Schedule of Revenues Collected and Expenses Paid**Year Ended June 30, 2021*

	Cash Balance July 1, 2020	Revenues Collected	Expenses Paid	Cash Balance June 30, 2021
Interest	\$ 3,204	\$ 1,213	\$ -	\$ 4,417
Lego	753	-	-	753
Student Council	7,778	1,470	-	9,248
Architecture	914	-	-	914
Miscellaneous	-	810	-	810
In and Out	15,877	37,807	37,868	15,816
School Store	1,210	-	-	1,210
Yearbook	5,377	10,900	4,000	12,277
Girls on the Run	10,190	650	-	10,840
Eighth Grade	7,642	1,000	100	8,542
Library	6,842	34	-	6,876
Great Books	56,726	-	-	56,726
Drama	4,981	-	-	4,981
French	14,814	-	-	14,814
Art	(637)	-	-	(637)
Marker Space Club	7,200	-	-	7,200
Environment Club	1,123	-	-	1,123
Latin Club	17,308	-	-	17,308
Robotics Club	1,000	-	-	1,000
Book Club Discipline and Ethics	270	-	-	270
Panther Citizens	425	-	-	425
Sandwiches and Spotlight	20,795	-	-	20,795
Mandarin Club	340	-	-	340
Science Olympiad	6,214	-	-	6,214
Total	<u>\$ 190,346</u>	<u>\$ 53,884</u>	<u>\$ 41,968</u>	<u>\$ 202,262</u>

KENILWORTH SCHOOL DISTRICT NO. 38*Schedule of Assessed Valuations, Tax Extensions and Collections**Year Ended June 30, 2021*

	TAX LEVY YEAR		
	2020	2019	2018
Assessed Valuation	<u>\$ 362,818,609</u>	<u>\$ 367,618,465</u>	<u>\$ 354,304,586</u>
Tax Rate by Levy:			
Educational	3.0686	2.9681	2.8952
Tort Immunity	-	-	0.0149
Operations and Maintenance	0.3785	0.3532	0.4554
Bond and Interest	0.2817	0.2758	0.2874
Transportation	0.0162	0.0147	0.0149
Municipal Retirement	<u>0.0541</u>	<u>0.0437</u>	<u>0.0443</u>
Total	<u>3.7991</u>	<u>3.6555</u>	<u>3.7121</u>
Tax Extensions by Levy:			
Educational	11,133,451	10,911,283	10,257,826
Tort Immunity	-	-	52,791
Operations and Maintenance	1,373,268	1,298,428	1,613,503
Bond and Interest	1,022,031	1,013,926	1,017,980
Transportation	58,776	54,039	52,791
Municipal Retirement	<u>196,284</u>	<u>160,649</u>	<u>156,956</u>
Total	<u>\$ 13,783,810</u>	<u>\$ 13,438,325</u>	<u>\$ 13,151,847</u>
Tax Collections:	<u>\$ 7,140,012</u>	<u>\$ 13,317,366</u>	<u>\$ 12,851,109</u>
Percent of Total levy Collected to June 30, 2021	<u>51.80%</u>	<u>99.10%</u>	<u>97.71%</u>

KENILWORTH SCHOOL DISTRICT NO. 38

Schedule of Bonded Debt Maturities and Interest

Year Ended June 30, 2021

Due Year Ended June 30,	2017A Working Cash Bonds		2017 Refunding Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 115,000	\$ 121,500	\$ 650,000	\$ 77,869	\$ 765,000	\$ 199,369
2023	120,000	116,800	665,000	64,324	785,000	181,124
2024	125,000	111,900	675,000	50,522	800,000	162,422
2025	135,000	106,700	690,000	36,463	825,000	143,163
2026	145,000	101,100	705,000	22,094	850,000	123,194
2027	150,000	95,200	720,000	7,416	870,000	102,616
2028	160,000	89,000	-	-	160,000	89,000
2029	170,000	82,400	-	-	170,000	82,400
2030	180,000	75,400	-	-	180,000	75,400
2031	185,000	68,100	-	-	185,000	68,100
2032	195,000	60,500	-	-	195,000	60,500
2033	205,000	52,500	-	-	205,000	52,500
2034	220,000	44,000	-	-	220,000	44,000
2035	230,000	35,000	-	-	230,000	35,000
2036	240,000	25,600	-	-	240,000	25,600
2037	255,000	15,700	-	-	255,000	15,700
2038	265,000	5,300	-	-	265,000	5,300
	<u>\$ 3,095,000</u>	<u>\$ 1,206,700</u>	<u>\$ 4,105,000</u>	<u>\$ 258,688</u>	<u>\$ 7,200,000</u>	<u>\$ 1,465,388</u>

KENILWORTH SCHOOL DISTRICT NO. 38

Schedule of Per Capita Tuition Charge and Average Daily Attendance

Year Ended June 30, 2021

	2021
Average Daily Attendance (ADA)	427.2
Operating Costs:	
Educational	\$ 11,254,105
Operations and maintenance	931,588
Debt service	959,978
Transportation	2,152
Municipal retirement	244,283
Tort	77,219
Subtotal	13,469,325
Less revenue/expenditures of non-regular programs:	
Tuition	390,801
Pre-K	113,751
Capital outlay	9,322
Non-capitalized equipment	128,447
Debt principal retired	740,000
Subtotal	1,382,321
Operating Costs	12,087,004
Operating Costs Per Pupil	\$ 28,294
Operating Costs	\$ 12,087,004
Less revenues from specific programs, such as special education or lunch programs	672,623
Net Operating Costs	11,414,381
Depreciation allowance	487,482
Allowable Tuition Costs	11,901,863
Tuition Charge Per Pupil - Based on ADA	\$ 27,860

NOTES TO OTHER
INFORMATION

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Other Information

Year Ended June 30, 2021

NOTE 1 – TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2020-2016 measurement years, the assumed investment rate of return of 7.0 percent, an inflation rate of 2.5 percent and real return of 4.5 percent, and a salary increase that vary by service credit. Salary increases were assumed to vary by service credit and were consistent in 2019 and 2020. These actuarial assumptions were based on an experience study dated September 18, 2018.

For the 2015 measurement year, the assumed investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent. Salary increase 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.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Fund types and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The budget was passed on September 21, 2020.

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

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

1. After July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

KENILWORTH SCHOOL DISTRICT NO. 38

Notes to Other Information

Year Ended June 30, 2021

NOTE 3 – EXCESS OF ACTUAL EXPENDITURES DISBURSED OVER BUDGETED EXPENDITURES

The District over-expended their budgeted expenditures in the Tort Fund by \$77,219 Debt Service Fund by \$1,974 and the Educational Account by \$7,495,172 during the fiscal year ended June 30, 2021. The Educational Account over-expenditure was primarily due to State on-behalf payments of \$7,266,031, which the district records as revenues and expenditures, however is not included in the budget.