

Worth School District 127

Annual Financial Report
June 30, 2021

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Independent Auditor's Report

RSM US LLP

Members of the Board of Education
Worth School District 127
Worth, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Worth School District 127, 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 the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matter

As stated in Note 12 to the financial statements, during the year ended June 30, 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which required a restatement to the June 30, 2020 net position and the fund balance of the General Fund. Our opinions are not modified with respect to this matter.

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 a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements based on the modified cash basis of accounting as described in Note 1.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The other information as listed in the table of contents 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 of it.

RSM US LLP

Chicago, Illinois
January 19, 2022

Other Information

**Management's Discussion
and Analysis (MD&A)**

Worth School District 127

Management's Discussion and Analysis

The management's discussion and analysis of the Worth School District 127's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceed its liabilities at the close of the fiscal year by \$32.0 million.
- In total, net position increased by \$4.0 million.
- General revenues were \$16.1 million or 79.6% of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions were \$4.2 million or 20.4% of total revenues of \$20.3 million.
- Overall, there was a surplus of revenues over expenditures and other financing sources (uses) of \$0.5 million in the Governmental Funds, which consisted of a surplus of revenues over expenditures and other financing sources of \$0.3 million in the General Fund (Education, Operations and Maintenance, Tort Immunity and Working Cash Accounts), and a surplus of \$0.2 million in the Nonmajor Governmental Funds (Transportation, Municipal Retirement/Social Security, Fire Prevention and Safety Fund, and Debt Service Fund).

Overview of the Financial Statements

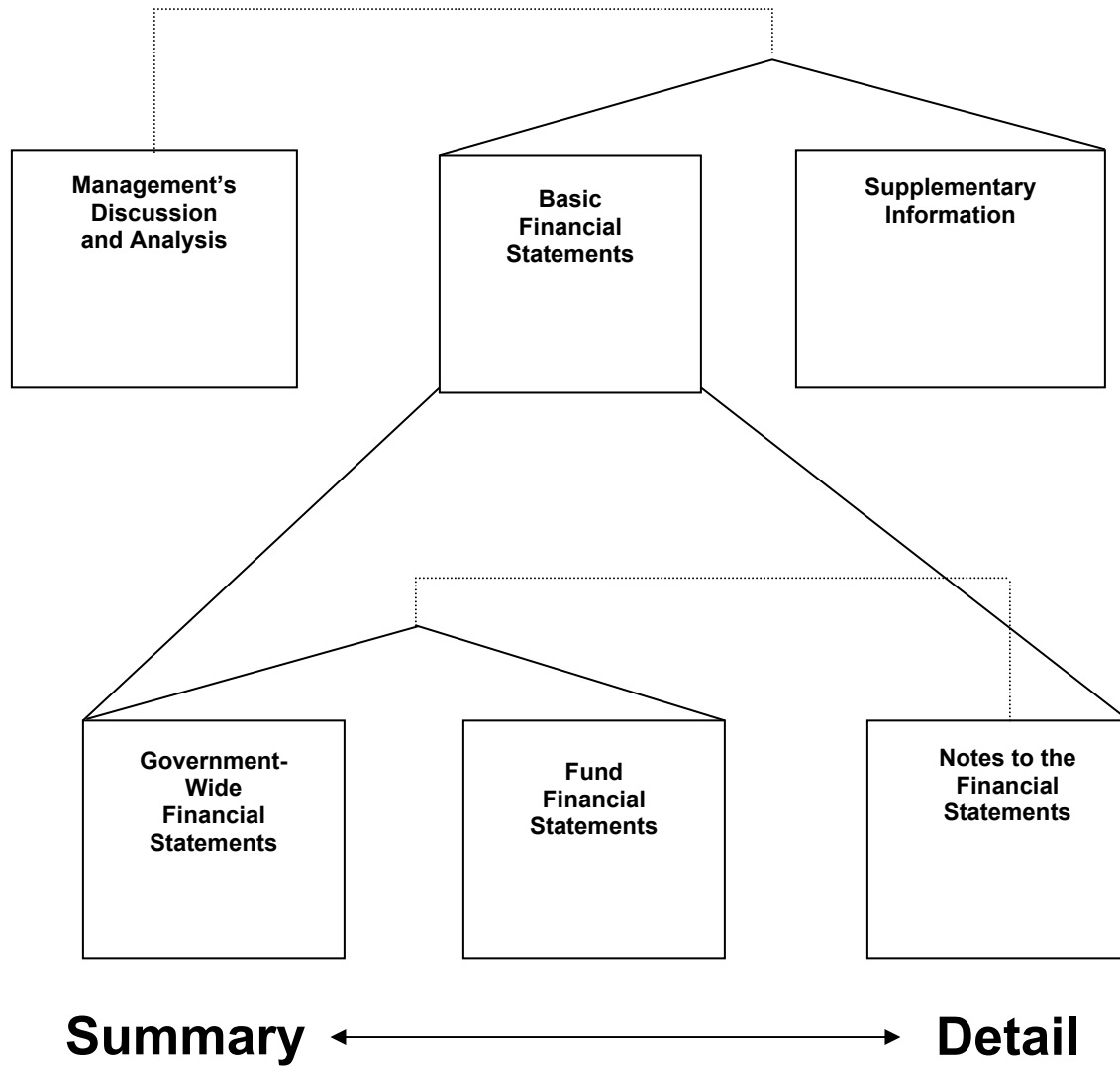
This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Other Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two-statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of other information that further explains and supports the financial statements.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Worth School District 127's Annual Financial Report



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

Worth School District 127

Management's Discussion and Analysis

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all categorized as *governmental activities*. All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has the following categories of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information after each of the governmental funds statements explains the relationship (or differences) between them.

Worth School District 127

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Net Position: The District's *combined* net position on June 30, 2021 and 2020 totaled \$32.0 million and \$28.0 million, respectively. (See Figure A-2).

Figure A-2

**Condensed Statement of Net Position
as of June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Assets:		
Current and other assets	\$ 17,915,206	\$ 17,382,968
Capital assets	16,584,757	13,691,244
Total assets	34,499,963	31,074,212
Liabilities:		
Current liabilities	708,349	719,381
Long-term liabilities	1,751,571	2,293,667
Total liabilities	2,459,920	3,013,048
Net position:		
Net investment in capital assets	15,601,855	12,412,876
Restricted	4,547,380	4,959,386
Unrestricted	11,890,808	10,589,932
Total net position	\$ 32,040,043	\$ 27,962,194

The District's financial position is the product of many factors. During the fiscal year, the announcement of many Federal Relief awards, such as ESSER Funding, was a major positive impact for the District. These came in a few different packages, including Digital Equity, CARES and ESSER I, II and III. In addition, the District continues to see increases in Unrestricted State Aid as a result of the second year of the Property Tax Relief Grant from 2020.

The District's total revenues were \$20.3 million. Taxes, Unrestricted State Aid, and other general revenue were 79.6% of the total or \$16.1 million. General revenues decreased by 7.6% over the prior year for a total decrease of \$1.3 million. A portion of this decrease is attributable to an increase in property tax refunds, which reduces the total amount disbursed by Cook County Treasurer's office to the District. A larger portion of the \$1.3 million decrease can be mainly attributed to the Property Tax Relief Grant of \$.9 million, which is essentially a tax abatement for the Worth taxpayers. The majority of the funding lost through Property Tax collections is received through Unrestricted State Aid.

State and federal aid for specific programs brought in \$4.1 million of the total revenues, an increase of \$2.2 million from the prior year. This increase is largely attributed to the Federal funding packages for local governments. Schools received substantial relief from various rounds of ESSER distributions.

Worth School District 127

Management's Discussion and Analysis

The total cost of all programs and services was \$16.3 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.). These expenses accounted for 90.6% of the total (see Figure A-5).

The District's other activities were 9.4% of total costs.

Total revenues exceeded expenses, increasing net assets by \$4.0 million from the prior year.

Figure A-3

***Changes in Net Position
for the years ended June 30, 2021 and 2020***

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 412,812	\$ 212,543
Operating grants and contributions	3,734,863	1,745,187
General revenues:		
Property taxes	9,251,737	10,405,257
Personal property replacement taxes	103,060	81,253
Unrestricted State Aid	6,538,578	6,534,971
Other	252,738	443,633
Total revenues	20,293,788	19,422,844
Expenses:		
Instruction	8,246,599	7,095,728
Pupil and instructional services	1,319,722	988,195
Administration and business	3,178,375	2,986,099
Operations and maintenance	1,911,312	1,489,026
Transportation	131,293	299,572
Other	1,527,608	1,409,132
Total expenses	16,314,909	14,267,752
Change in net position	3,978,879	5,155,092
Net position:		
Beginning	28,061,164	22,807,102
Ending	\$ 32,040,043	\$ 27,962,194

FIGURE A-4 GOVERNMENT-WIDE REVENUES BY SOURCE - 2021

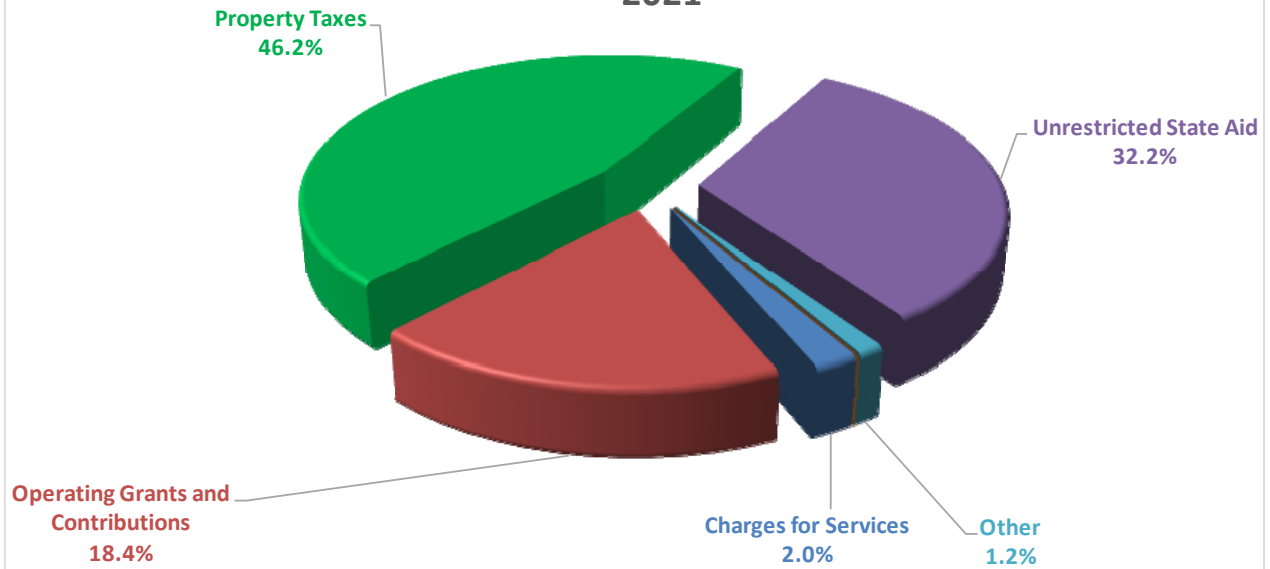
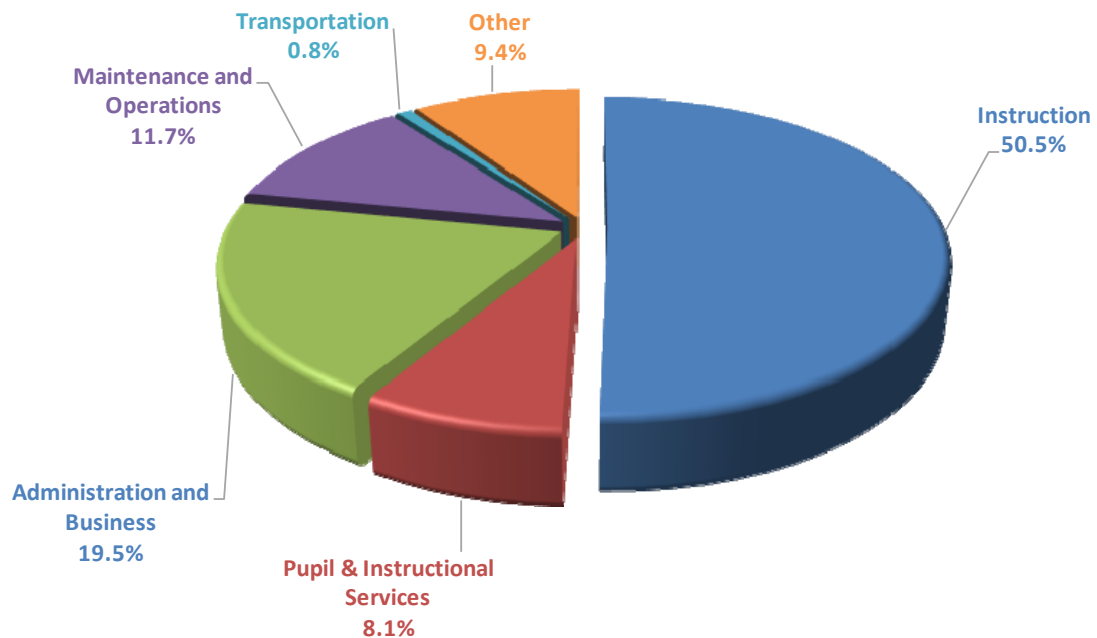


FIGURE A-5 GOVERNMENT-WIDE EXPENSES - 2021



Worth School District 127

Management's Discussion and Analysis

Governmental Activities

Revenues for the District's governmental activities were \$20.3 million in fiscal year 2021. Total cost of services in 2021 was \$16.3 million. Net position increased \$4.0 million in 2021.

The stable health of the District's finances can be credited to a solid real estate tax base, increased Unrestricted State Aid (formerly General State Aid) and budgetary controls put in place by the Board of Education.

Figure A-6 presents the cost of the District's activities: Instruction, Pupil and Instructional Services, Administration and Business, Operations and Maintenance, and Other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6				
<i>Net Cost of Governmental Activities</i>				
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$ 8,246,599	\$ 5,214,991	\$ 7,095,728	\$ 6,000,072
Pupil and instructional services	1,319,722	1,254,174	988,195	982,125
Administration and business	3,178,375	2,352,000	2,986,099	2,379,226
Operations and maintenance	1,911,312	1,901,109	1,489,026	1,489,026
Central	22,872	4,810	20,708	(15,555)
Transportation	131,293	(64,586)	299,572	86,704
Other	1,504,736	1,504,736	1,388,424	1,388,424
TOTAL	\$16,314,909	\$12,167,234	\$14,267,752	\$12,310,022

- The cost of all *governmental* activities this year was \$16.3 million.
- Some of the cost was financed by the users of the District's programs (\$0.4 million).
- The federal and state governments subsidized certain programs with grants and contributions (\$3.7 million).
- Most of the District's costs, however, were financed by District taxpayers (\$12.3 million).

Financial Analysis of the District's Funds

The financial performance of the District as a whole resulted in an increase in fund balance. As the District completed the year, its governmental funds reported an increase in fund balances of \$0.8 million.

The General Fund increased its fund balance by nearly \$0.3 million to a fund balance of \$15.0 million as of June 30, 2021 from a fund balance of nearly \$14.7 million as of June 30, 2020. This is directly related to continued increases in Unrestricted State Aid in the current year.

Worth School District 127

Management's Discussion and Analysis

General Fund Budgetary Highlights

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$1.0 million after other financing sources (uses). The actual result for the year was more positive than expected, ending with a gain of \$0.3 million. The positive variance is mostly attributable to construction in progress, in which the ongoing major construction project committed but not yet complete accounted for \$.9 million in payments due in FY2022, as the building addition won't be substantially complete until December 2021.

Capital Asset and Debt Administration

Capital Assets

By the end of 2021, the District had invested \$25.3 million (before accumulated depreciation of \$8.7 million) in a broad range of capital assets, including school buildings, computer equipment, audio-visual equipment and administrative offices. (See Figure A-7.) (More detailed information about capital assets can be found in Note 4 to the financial statements.) There were capital asset additions of \$3.4 million in 2021. Depreciation expense for the year was \$0.5 million.

Figure A-7			
<i>Capital Assets (Net of Accumulated Depreciation)</i>			
	2021		2020
Land	\$ 110,334	\$	110,334
Construction in Progress	1,645,061		1,486,007
Buildings and Improvements	14,259,318		11,573,333
Furniture and Equipment	570,044		521,570
Total Capital Assets	\$ 16,584,757	\$	13,691,244

Long-Term Debt

At year-end, the District had \$2.5 million in long-term debt outstanding as shown in Figure A-8. During the year, the District retired \$0.7 million of long-term debt and increased \$0.2 million in accreted interest. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Figure A-8		<i>Long-Term Liabilities</i>	
	2021		2020
Capital Appreciation Bonds	\$ 2,451,571	\$	2,993,667
Total Long-Term Liabilities	\$ 2,451,571	\$	2,993,667

Worth School District 127

Management's Discussion and Analysis

- The District continued to stay well below its legal debt margin.
- The state limits the amount of general obligation debt the District can issue to 6.9% of the assessed value of all taxable property within the District's limits. Outstanding debt is significantly below the current limit of \$13.6 million.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- Funds allocated to the District recently from "Elementary and Secondary School Emergency Relief" (ESSER) Fund were significant dollars received in FY21 totaling \$1.7 million. This came in several rounds, including ESSER I (CARES Grant), ESSER-Digital Equity and ESSER II. In addition, ESSER III figures have been communicated to districts for FY22. For Worth 127, this means an additional \$3 million. The District must continue cautiously, as this is a one-time windfall and not a continuous new flow of funding.
- In January 2020, the Board of Education applied for a "Property Tax Relief Grant" for the community taxpayer. The District was awarded the grant by the state of Illinois, thus abated back \$921,069 in property taxes to the community during fiscal years 2020 and 2021. The District received an additional \$866,277 in Evidence Based Funding for the grant relief, which will continue beyond the two years of the Property Tax Relief Grant. This directly affects Worth School District 127 and the amount of the money distributed by the state, as well as the way property taxes are levied in FY2020 and FY2021. These two revenue sources are the largest sources for the District and greatly affect the District's financial situation.
- Worth School District 127 Board of Education has heavily invested in maintaining school buildings over the past few years. In FY 2019, Worth Junior High went through a light renovation. In FY2020, Worthwoods was completely gutted and remodeled. In FY2021, Worth Elementary started a multi-year project including a building addition for a better and more accessible space for all students and staff. The majority of ESSER funds has been earmarked for this project. The investment in the maintenance and structure of buildings should pay off long term for minimal future expenses in order to allocate funds to other areas of need.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Worth School District 127, Worth, Illinois.

Basic Financial Statements

**Government-Wide
Financial Statements (GWFS)**

Worth School District 127

**Statement of Net Position - Modified Cash Basis
June 30, 2021**

	Governmental Activities
Assets	
Cash and investments	\$ 17,915,206
Capital assets not being depreciated	1,755,395
Capital assets being depreciated, net	<u>14,829,362</u>
Total assets	<u><u>\$ 34,499,963</u></u>
Liabilities and Net Position	
Liabilities:	
Long-term obligations, due within one year:	
Capital appreciation bonds	\$ 700,000
Long-term obligations, due in more than one year:	
Capital appreciation bonds	1,751,571
Other liabilities	<u>8,349</u>
Total liabilities	<u><u>2,459,920</u></u>
Net position:	
Net investment in capital assets	15,601,855
Restricted for:	
Operations and maintenance	1,383,192
Tort immunity	247,463
Student activity funds	72,315
Transportation	1,374,243
Retirement benefits	531,951
Debt service	16,997
Capital projects	921,219
Unrestricted	<u>11,890,808</u>
Total net position	<u><u>32,040,043</u></u>
Total liabilities and net position	<u><u>\$ 34,499,963</u></u>

See notes to basic financial statements.

Worth School District 127

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2021**

				Net (Expense), Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	\$ 6,417,986	\$ 71,106	\$ 1,148,880	\$ (5,198,000)
Special programs	1,621,762	-	1,638,051	16,289
Other instructional programs	206,851	171,944	1,627	(33,280)
Support services:				
Pupils	717,140	-	-	(717,140)
Instructional staff	602,582	-	65,548	(537,034)
General administration	633,501	-	-	(633,501)
School administration	849,517	-	-	(849,517)
Business	1,695,357	151,700	674,675	(868,982)
Operations and maintenance	1,911,312	-	10,203	(1,901,109)
Central	22,872	18,062	-	(4,810)
Transportation	131,293	-	195,879	64,586
Community services	55,588	-	-	(55,588)
Payments to other governments	1,290,844	-	-	(1,290,844)
Interest and charges	158,304	-	-	(158,304)
Total governmental activities	\$ 16,314,909	\$ 412,812	\$ 3,734,863	(12,167,234)
General revenues:				
Taxes:				
Property taxes, general purposes				8,578,085
Property taxes, debt service				673,652
Corporate property replacement taxes				103,060
Unrestricted state aid				6,538,578
Investment earnings				252,738
Total general revenues				16,146,113
	Change in net position			3,978,879
Net position:				
July 1, 2020, as restated				28,061,164
June 30, 2021				\$ 32,040,043

See notes to basic financial statements.

Fund Financial Statements (FFS)

Worth School District 127

**Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2021**

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 15,070,796	\$ 2,844,410	\$ 17,915,206
Liabilities and Fund Balances			
Liabilities	\$ 8,349	\$ -	\$ 8,349
Fund balances:			
Restricted for:			
Operations and maintenance	1,383,192	-	1,383,192
Tort immunity	247,463	-	247,463
Student activity funds	72,315	-	72,315
Transportation	-	1,374,243	1,374,243
Retirement benefits	-	531,951	531,951
Debt service	-	16,997	16,997
Capital projects	-	921,219	921,219
Unassigned	13,359,477	-	13,359,477
Total fund balances	15,062,447	2,844,410	17,906,857
Total liabilities and fund balances	\$ 15,070,796	\$ 2,844,410	\$ 17,915,206

See notes to basic financial statements.

Worth School District 127

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
June 30, 2021**

Total fund balances - governmental funds	\$ 17,906,857
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Amounts reported for governmental activities in the statement of
net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	16,584,757
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Some liabilities reported in the statement of activities do not require the use of current
financial resources and, therefore, are not reported as liabilities in governmental funds.
These liabilities consist of:

Capital appreciation bonds	<u>(2,451,571)</u>
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Net position of governmental activities	<u><u>\$ 32,040,043</u></u>
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See notes to basic financial statements.

Worth School District 127

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis Governmental Funds Year Ended June 30, 2021

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 7,829,285	\$ 1,422,452	\$ 9,251,737
Corporate property replacement taxes	101,535	1,525	103,060
Charges for services	412,812	-	412,812
Unrestricted state aid	6,538,578	-	6,538,578
Restricted state aid	1,172,239	195,879	1,368,118
Restricted federal aid	2,366,745	-	2,366,745
Interest	215,346	37,392	252,738
Total revenues	18,636,540	1,657,248	20,293,788
Expenditures:			
Current:			
Instruction:			
Regular programs	6,182,066	74,582	6,256,648
Special programs	1,484,255	71,643	1,555,898
Other instructional programs	206,422	89	206,511
Support services:			
Pupils	659,032	30,388	689,420
Instructional staff	587,611	3,754	591,365
General administration	713,047	15,368	728,415
School administration	783,281	33,241	816,522
Business	1,376,946	57,369	1,434,315
Operations and maintenance	1,852,643	81,468	1,934,111
Transportation	-	119,490	119,490
Central	-	22,056	22,056
Community services	20,373	247	20,620
Payments to other governments	1,324,834	-	1,324,834
Debt service:			
Principal	-	295,467	295,467
Interest and charges	-	404,933	404,933
Capital outlay	3,129,676	220,237	3,349,913
Total expenditures	18,320,186	1,430,332	19,750,518
Excess of revenues over expenditures	316,354	226,916	543,270
Other financing sources (uses):			
Transfers in	24,000	-	24,000
Transfers (out)	(15,000)	(9,000)	(24,000)
Total other financing sources (uses)	9,000	(9,000)	-
Change in fund balances	325,354	217,916	543,270
Fund balances:			
July 1, 2020, as restated	14,737,093	2,626,494	17,363,587
June 30, 2021	\$ 15,062,447	\$ 2,844,410	\$ 17,906,857

See notes to basic financial statements.

Worth School District 127

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2021**

Net change in fund balances - total governmental funds	\$ 543,270
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. These are the amounts in the current period.

Depreciation	(527,975)
Capital outlay	3,421,488

Accreted interest on capital appreciation bonds is not reported in the governmental fund, however, it results in an increase in long-term liabilities on the statement of net position.

(157,904)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bond principal retirement	700,000
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Change in net position of governmental activities	<u>\$ 3,978,879</u>
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See notes to basic financial statements.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Worth School District 127 (the District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the community of Worth.

The accounting policies of the District conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

- 1) The primary government is legally entitled to or has access to the component unit's resources.
- 2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.
- 3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been included within the reporting entity.

Government-Wide Financial Statements (GWFS): The government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Position - Modified Cash Basis presents the District's non-fiduciary assets and liabilities with the difference reported as net position.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on the major governmental fund, displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District administers the following major governmental fund:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources and liabilities, and deferred inflows of resources (whether current or noncurrent, financial or nonfinancial) are reported within the limitations of the modified cash basis of accounting. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Under a "current financial resources" measurement focus, only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balance as their measure of available spendable financial resource at the end of the period.

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows and outflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, capital assets and debt related activity. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

As a result of the use of a modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financials would be presented on the accrual basis of accounting.

Significant Accounting Policies

Cash and Investments

Cash and investments consist of pooled cash and investments held by the Worth Township Trustees which are reported at cost.

Interfund Receivables, Payables, and Activity

The District has the following types of transactions between funds:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are eliminated in the government-wide Statement of Net Position - Modified Cash Basis.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the Statement of Net Position - Modified Cash Basis. Capital assets are defined as assets with an initial individual cost of more than \$5,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of donation.

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

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Depreciation of capital assets is recorded in the Statement of Activities – Modified Cash Basis with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	3 - 15 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified, full-time employees earn vacation days which are accumulated.

All full-time employees receive 12 to 15 sick days and all other noncertified employees may receive up to 10 sick days per year with unlimited accumulation. These accumulated sick days do not vest; however, certified employees who retire are to receive payment of \$50 per day for accumulated days in excess of those applied toward retirement credit under the Teachers' Retirement System.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums and discounts are capitalized and amortized over the life of the respective bonds using a method that approximates the effective interest method.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds as well as bond premiums or discounts are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Net Position

The District's Statement of Net Position presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that do not meet the criteria of the two preceding categories.

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

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

Nonspendable – 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. At June 30, 2021, the District has no nonspendable fund balance amounts.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2021, the District has no committed fund balance amounts.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At June 30, 2021, the District has no assigned fund balances.

Unassigned – includes the residual fund balance that has not been restricted, committed or assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These working cash funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the educational account, of the General Fund, or abate the fund to any fund of the District most in need. At June 30, 2021, the District had working cash stabilization fund balances of \$1,849,656 that have been classified as unassigned fund balances in the General Fund.

Worth School District 127

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2020 tax levy was passed by the Board of Education on December 9, 2020, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2021 and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all Urban Consumers. The limitation includes taxes levied for purposes without a statutory maximum rate. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to vote approved increases.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities - Modified Cash Basis, some amounts reported as interfund activity and interfund balances in the funds were eliminated or reclassified.

Use of Estimates

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

Note 2. Budgets and Budgetary Information

Annual budgets are adopted for all funds. These budgets are adopted on a modified cash basis of accounting. All annual appropriations lapse at fiscal year-end.

On or before July 1 of each year, the Superintendent is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than October 1.

The appropriate budget is prepared by fund and by function. The General Fund is further detailed by account (Education, Operations and Maintenance, Working Cash and Tort Immunity). The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10% of the total of such fund and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

Worth School District 127

Notes to Basic Financial Statements

Note 3. Cash and Investments

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the Worth Township Trustees.

Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of June 30, 2021, the District had deposits with federally insured financial institutions of \$77,315 with bank balances totaling \$72,833.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Trustee's deposits may not be returned to it. The District's policy is to have all bank balances fully insured or collateralized. As of June 30, 2021, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

Investment Type	Cost
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 17,837,891</u>

Of the total pooled cash and investments held by the Worth Township Trustees, maturities are approximately as follows: less than one year (0.02%), one to five years (30.44%), 6 to 10 years (21.40%), and greater than 10 years (48.14%). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Municipal Bonds, Commercial Paper, Money Market Mutual Funds and Money Market Accounts.

Interest rate risk. The District's investment policy states the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, maturity and marketability of investments shall be considered.

Credit risk. State statutes authorize the District to invest directly or through its Township Trustees in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000.

The District is also authorized to invest directly or through its Township Trustees in the Illinois School District Liquid Asset Fund Plus and the Illinois Funds, which invests member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high-rated, short-term obligations of major United States corporations and banks.

Worth School District 127

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Concentration of credit risk. The District's investment policy requires that the investment portfolio is diversified as to investments, as appropriate to the nature, purpose, and amounts of the funds. The policy does not limit the investments in any single issuer.

Custodial credit risk – investments. For an investment, this 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. Information related to the interest rate risk, custodial credit risk, credit risk, and concentration of credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, IL 60453, which issues a financial report that includes financial statements and required supplementary information. This report can also be obtained online at www.worthtst.org/public-documents.

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	<u>\$ 17,915,206</u>
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Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 110,334	\$ -	\$ -	\$ 110,334
Construction in progress	1,486,007	1,645,061	1,486,007	1,645,061
Total capital assets not being depreciated	1,596,341	1,645,061	1,486,007	1,755,395
Capital assets being depreciated:				
Buildings and improvements	16,582,195	2,976,004	-	19,558,199
Furniture and equipment	3,676,658	286,430	-	3,963,088
Total capital assets being depreciated	20,258,853	3,262,434	-	23,521,287
Less accumulated depreciation:				
Buildings and improvements	5,008,862	290,019	-	5,298,881
Furniture and equipment	3,155,088	237,956	-	3,393,044
Total accumulated depreciation	8,163,950	527,975	-	8,691,925
Capital assets being depreciated, net	12,094,903	2,734,459	-	14,829,362
Governmental activities				
Capital assets, net	<u>\$ 13,691,244</u>	<u>\$ 4,379,520</u>	<u>\$ 1,486,007</u>	<u>\$ 16,584,757</u>

Worth School District 127**Notes to Basic Financial Statements**

Note 4. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 221,574
Special programs	68,395
Other instructional programs	353
Support services:	
Pupils	28,785
Instructional staff	11,648
General administration	27,543
School administration	34,263
Business	60,370
Operations and maintenance	60,924
Transportation	12,257
Central	847
Community services	1,016
	<hr/>
	\$ 527,975

Note 5. Long-Term Debt

General long-term debt obligations as of June 30, 2021, and a summary of activity for the year then ended are as follows:

	Capital Appreciation Bonds
	<hr/>
Balance, July 1, 2020	\$ 2,993,667
Bonds retired	(700,000)
Accreted interest	157,904
	<hr/>
Balance, June 30, 2021	\$ 2,451,571
	<hr/>
Amounts due within one year	\$ 700,000

Worth School District 127

Notes to Basic Financial Statements

Note 5. Long-Term Debt (Continued)

Interest rates range from 5.67% to 5.98% on the outstanding bonds. As of June 30, 2021, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	Capital Appreciation Bonds		Total
	Principal	Interest	
2022	\$ 276,136	\$ 423,864	\$ 700,000
2023	258,152	441,848	700,000
2024	241,058	458,942	700,000
2025	207,556	437,444	645,000
	982,902	1,762,098	2,745,000
Accumulated accretion	1,468,669	(1,468,669)	-
	<u>\$ 2,451,571</u>	<u>\$ 293,429</u>	<u>\$ 2,745,000</u>

The balance of capital appreciation bonds includes accreted interest in the amount of \$1,468,669 at June 30, 2021.

The District's estimated legal debt limitation of \$14,577,323 based on 6.9% of the 2020 equalized assessed valuation of \$210,975,691 less outstanding debt of \$982,902, which excludes accreted interest of \$1,468,669, results in an estimated legal debt margin of \$13,594,421 as of June 30, 2021.

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

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

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

Note 6. Retirement Fund Commitments (Continued)

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% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

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

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or 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 buyout programs that expire on June 30, 2024. One program allows retiring Tier 1 members to receive a partial lumpsum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the state of Illinois.

Contributions

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

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

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2021, state of Illinois contributions in the amount of \$2,721,465 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the employer.

2.2 formula contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021 were \$38,381.

Worth School District 127

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

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

For the year ended June 30, 2021, the employer pension contribution was 10.41% of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$282,435 were paid from federal and special trust funds that required employer contributions of \$29,402.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. Additionally PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary (currently \$181,670). The amount charged to the employer is the employer normal cost, or 10.41%.

For the year ended June 30, 2021, the District paid \$3,962 to TRS for employer contributions due on salary increases in excess of 6%. The District was not required to make payments to TRS for sick leave days granted in excess of the normal annual allotment. The District paid \$1,708 for member salaries in excess of the governor's statutory salary.

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

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.

Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of the employer's proportionate share of the net pension liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District 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.

Worth School District 127

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Benefits Provided

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

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

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	218
Inactive Plan Members entitled to but not yet receiving benefits	88
Active Plan Members	47
	<u>353</u>

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ended December 31, 2021 and 2020 were 7.55% and 8.20%, respectively. For fiscal year 2021, the District contributed \$144,622 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The District'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. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of changes in net pension liability and related ratios and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Worth School District 127

Notes to Basic Financial Statements

Note 7. Post-Employment Healthcare Plan

Teachers' Health Insurance Security Fund

Plan Description

The District participates in the Teachers' Health Insurance Security Fund (THIS) of the state of Illinois. THIS is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of eligible retired Illinois public school teachers employed outside the City of Chicago. All District employees receiving monthly benefits from the Teachers' Retirement System (TRS) who have at least eight years of creditable service with TRS, the survivor of an annuitant or benefit recipient who had at least eight years of creditable service or a recipient of a monthly disability benefit are eligible to enroll in THIS.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Plan and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services. The publicly available financial report of the Plan may be found on the website of the Illinois Auditor General. The current reports are listed under "Central Management Services": <http://www.auditor.illinois.gov/Audit-reports/CMS-THISF.asp>.

Benefits Provided

THIS provides medical, prescription, and behavioral health benefits for eligible retirees and their dependents, but it does not provide vision, dental or life insurance benefits to annuitants of the TRS. Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan. The premiums charged reflect approximately a 75% subsidy for members that elect a managed care plan or elect the Teachers' Choice Health Plan (TCHP) plan if a managed care plan is either not available or only partially available. Members receive approximately a 50% subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2021, required contributions are as follows:

- Active members contribute 1.24% of covered payroll.
- Employers contribute 0.92% of covered payroll. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2021, the District paid \$60,882 to the THIS Fund, which was 100% of the required contribution.
- The state of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The state contributed 1.24% of covered payroll. For the year ended June 30, 2021, state of Illinois contributions on behalf of the District's employees were \$82,058.

Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0% per year by statute. The Federal Government provides a Medicare Part D subsidy.

Worth School District 127

Notes to Basic Financial Statements

Note 7. Post-Employment Healthcare Plan (Continued)

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

Since the collective total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the OPEB plan are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of employer's proportionate share of the collective total OPEB liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Note 8. Commitments and Contingencies

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Cook County Economic Incentives

The Cook County Assessor's Office, in conjunction with municipalities located within Cook County and within the District's boundaries, encourage certain industrial and commercial development by offering real estate tax incentive programs (such as Class 6a, 6b, 7 and 8) for the development of new industrial facilities, the rehabilitation of existing industrial structures, and industrial utilization of abandoned buildings or areas experiencing severe stagnation. These programs offer qualified properties a reduced equalized assessed valuation for up to 12 years. The District estimates its portion of annual abatement of property taxes to various local companies under this development incentive approximates \$34,000.

Note 9. Risk Management

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

The District participates in the School Employees Loss Fund (SELF) for its workers' compensation coverages, the Suburban School Cooperative Insurance Pool (SSCIP) for its general liability and property, and South Suburban Benefit Cooperative (SSBC) for employee health coverage. SELF, SSCIP, and SSBC are organizations of school districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool their risk management needs.

Worth School District 127

Notes to Basic Financial Statements

Note 9. Risk Management (Continued)

The cooperative agreements provide that SSCIP and SSBC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in the aggregate for general liability and property, and \$100,000 per individual and \$6,900,000 in the aggregate for employee health. SELF purchases insurance through Commercial Companies for its workers' compensation coverage with member premiums. The District, along with other members of SELF, SSCIP, and SSBC, had a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was a member. SELF, SSCIP, and SSBC could have assessed supplemental premiums to fund these premium deficiencies. In the past three years, the District has not made any supplemental premium payments to the pools.

Each District appoints one representative to each pool's Board of Directors. The District does not exercise any control over the activities of the pools beyond its representation on the Board of Directors.

Note 10. Other Financial Disclosures (FFS Only)

Other information related to individual funds includes the following:

Interfund transfers

At June 30, 2021, the District had no interfund loans.

Transfers during the year ended June 30, 2021, were as follows:

	Transfer In	Transfer Out
Major Governmental:		
General Fund:		
Operations and Maintenance Account	\$ 24,000	\$ -
Working Cash Account	-	15,000
	<u>\$ 24,000</u>	<u>\$ 15,000</u>
Non-Major Funds:		
Special Revenue Funds:		
Municipal Retirement / Social Security Fund	\$ -	\$ 3,000
Transportation Fund	-	6,000
	<u>\$ -</u>	<u>\$ 9,000</u>

Interfund transfers are to provide interest earned within the funds to provide additional funding for the Educational Fund.

Budget overexpenditures

	Final Budget	Actual
Major Funds:		
General Fund:		
Educational Account	\$ 13,339,371	\$ 13,341,883
Nonmajor Funds:		
Transportation	\$ 110,000	\$ 119,490

Worth School District 127

Notes to Basic Financial Statements

Note 11. Pronouncements Issued But Not Yet Adopted

The following is a description of the GASB authoritative pronouncements which have been issued but not yet adopted by the District

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for District with its year ending June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*, will be effective for the District with its year ending June 30, 2022. This statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset on the statement of net position.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the District with its year ending June 30, 2023. This statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91, a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.

GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements and other technical pronouncements. The statement addresses a variety of topics. The statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement will be effective for the District with its year ending June 30, 2022.

GASB No. 93, *Replacement of Interbank Offered Rates*, establishes how the District will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the District with its year ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the District with its year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement will be effective for the District with its year ending June 30, 2023.

Worth School District 127

Notes to Basic Financial Statements

Note 11. Pronouncements Issued But Not Yet Adopted (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The statement will be effective for the District with its year ending June 30, 2022.

District's management has not yet determined the effect, if any, these statements will have on the District's financial statements and related disclosures.

Note 12. Restatement

The District's net position and General Fund's fund balance has been restated as of June 30, 2020. The statement is a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. In accordance with GASB 84, the District now reports certain student activity funds as part of governmental activities in the Educational Account of the General Fund. The impact of implementing this statement resulted in a restatement of beginning net position and General Fund fund balance to adjust for the addition of the student activity accounts.

	Governmental Activities	General Fund	General Fund Educational Account
Net position/Fund balance, June 30, 2020	\$ 27,962,194	\$ 14,638,123	\$ 10,543,340
Addition of student activity funds	98,970	98,970	98,970
Net position/Fund balance as restated, June 30, 2020	<u>\$ 28,061,164</u>	<u>\$ 14,737,093</u>	<u>\$ 10,642,310</u>

The District's net position and fund balance as of June 30, 2020 has been restated as follows:

Effect on change in Net position/Fund balance as of June 30, 2020	<u>\$ 21,785</u>	<u>\$ 21,785</u>	<u>\$ 21,785</u>
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Other Information

Worth School District 127**Schedule of Employer Contributions
Illinois Municipal Retirement Fund**

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	\$ 153,142	\$ 153,142	\$ -	\$ 1,867,584	8.20%
2019	116,049	116,048	1	1,706,599	6.80%
2018	163,286	163,286	-	1,611,907	10.13%
2017	146,176	178,345	(32,169)	1,503,864	11.86%
2016	147,984	147,983	1	1,459,407	10.14%
2015	137,810	137,810	-	1,383,636	9.96%
2014	129,406	135,588	(6,182)	1,255,122	10.80%

Note to schedule:

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at

<https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

Worth School District 127

**Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund**

Calendar Year Ended December 31,	2020	2019	2018
Total pension liability			
Service cost	\$ 174,956	\$ 169,660	\$ 155,845
Interest on the Total Pension Liability	559,044	529,499	502,656
Difference between expected and actual experience of the Total Pension Liability	51,392	59,964	69,549
Changes of assumptions	(55,098)	-	195,281
Benefit payments, including refunds of employee contributions	(369,876)	(338,643)	(319,114)
Net change in total pension liability	360,418	420,480	604,217
Total pension liability - beginning	7,808,406	7,387,926	6,783,709
Total pension liability - ending	<u>\$ 8,168,824</u>	<u>\$ 7,808,406</u>	<u>\$ 7,387,926</u>
Plan fiduciary net position			
Contributions - employer	\$ 153,142	\$ 116,048	\$ 163,286
Contributions - employee	84,194	78,735	72,644
Net investment income	1,124,547	1,230,408	(356,844)
Benefit payments, including refunds of employee contributions	(369,876)	(338,643)	(319,114)
Other (net transfer)	(49,342)	71,547	138,493
Net change in plan fiduciary net position	942,665	1,158,095	(301,535)
Plan fiduciary net position - beginning	7,855,573	6,697,478	6,999,013
Plan fiduciary net position - ending	<u>\$ 8,798,238</u>	<u>\$ 7,855,573</u>	<u>\$ 6,697,478</u>
Net pension liability	<u>\$ (629,414)</u>	<u>\$ (47,167)</u>	<u>\$ 690,448</u>
Plan fiduciary net position as a percentage of total pension liability	107.71%	100.60%	90.65%
Covered valuation payroll	\$ 1,867,584	\$ 1,706,599	\$ 1,611,907
Net pension liability as a percentage of covered valuation payroll	-33.70%	-2.76%	42.83%

Note to schedule:

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at

<https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

2017	2016	2015	2014
\$ 161,517	\$ 157,566	\$ 143,592	\$ 150,592
510,521	473,809	447,128	410,108
(270,018)	120,536	(31,209)	(80,620)
(189,357)	(8,283)	7,797	228,172
(310,286)	(218,813)	(201,403)	(220,913)
(97,623)	524,815	365,905	487,339
6,881,332	6,356,517	5,990,612	5,503,273
<u>\$ 6,783,709</u>	<u>\$ 6,881,332</u>	<u>\$ 6,356,517</u>	<u>\$ 5,990,612</u>

\$ 178,345	\$ 147,983	\$ 137,810	\$ 135,588
67,674	65,702	62,443	59,270
1,049,149	394,329	29,237	336,752
(310,286)	(218,813)	(201,403)	(220,913)
(195,563)	91,469	(146,966)	3,648
789,319	480,670	(118,879)	314,345
6,209,694	5,729,024	5,847,903	5,533,558
<u>\$ 6,999,013</u>	<u>\$ 6,209,694</u>	<u>\$ 5,729,024</u>	<u>\$ 5,847,903</u>

<u>\$ (215,304)</u>	<u>\$ 671,638</u>	<u>\$ 627,493</u>	<u>\$ 142,709</u>
---------------------	-------------------	-------------------	-------------------

103.17% 90.24% 90.13% 97.62%

\$ 1,503,864 \$ 1,459,407 \$ 1,383,636 \$ 1,255,122

-14.32% 46.02% 45.35% 11.37%

Worth School District 127

**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois**

For the fiscal year ending	2021	2020	2019
Contractually-required contribution	\$ 67,783	\$ 61,533	\$ 49,138
Contributions in relation to the contractually-required contribution	67,783	61,532	56,232
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (7,094)</u>
Employer's covered payroll	\$ 6,617,567	\$ 6,222,662	\$ 6,046,590
Contributions as a percentage of covered payroll	1.02%	0.99%	0.93%

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois**

For the fiscal year ending	2021	2020	2019
Employer's proportion of the net pension liability	0.00070000%	0.00077468%	0.00080194%
Employer's proportionate share of the net pension liability	\$ 639,673	\$ 628,326	\$ 625,072
State's proportionate share of the net pension liability associated with the employer	50,102,504	44,717,293	42,820,034
Total	<u>\$ 50,742,177</u>	<u>\$ 45,345,619</u>	<u>\$ 43,445,106</u>
Employer's covered payroll	\$ 6,222,662	\$ 6,046,590	\$ 5,739,759
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	12.26%	13.33%	13.21%
Plan fiduciary net position as a percentage of the total pension liability	37.80%	39.60%	40.00%

Note to schedule:

Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <https://www.trsil.org/financial/gasb-68-actuary-reports>

2018	2017	2016	2015
\$ 54,853	\$ 73,925	\$ 92,775	\$ 86,578
61,924	73,925	102,559	108,102
\$ (7,071)	\$ -	\$ (9,784)	\$ (21,524)
\$ 5,739,759	\$ 5,848,499	\$ 5,698,736	\$ 5,433,366
1.08%	1.26%	1.80%	1.99%

2018	2017	2016	2015
0.00155712%	0.00216980%	0.00299972%	0.00258213%
\$ 1,189,608	\$ 1,712,752	\$ 1,965,119	\$ 1,571,441
43,314,270	45,236,526	35,185,152	33,598,232
\$ 44,503,878	\$ 46,949,278	\$ 37,150,271	\$ 35,169,673
\$ 5,848,499	\$ 5,698,736	\$ 5,433,366	\$ 5,445,960
13.14%	12.14%	14.63%	15.48%
39.30%	36.40%	41.47%	43.00%

Worth School District 127

**Schedule of Employer Contributions
Teachers' Health Insurance Security Fund**

For the fiscal year ending	2021	2020	2019	2018
Contractually-required contribution	\$ 60,882	\$ 57,248	\$ 130,606	\$ 118,239
Contributions in relation to the statutorily-required contribution	60,882	57,248	130,585	118,242
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ (3)</u>
Employer's covered payroll	\$ 6,617,567	\$ 6,222,662	\$ 6,046,590	\$ 5,739,759
Contributions as a percentage of covered payroll	0.92%	0.92%	2.16%	2.06%

**Schedule of the Employer's Proportionate Share of the Collective Total OPEB Liability
Teachers' Health Insurance Security Fund**

For the fiscal year ending*	2021	2020	2019	2018
Employer's proportion of the collective total OPEB liability	0.02470000%	0.02460800%	0.024227%	0.025432%
Employer's proportionate share of the collective total OPEB liability	\$ 6,590,799	\$ 6,810,835	\$ 6,382,882	\$ 6,599,522
The portion of the State's proportionate share amount of the collective total OPEB liability associated with the employer	8,946,301	9,222,783	8,570,867	8,666,874
Total	<u>\$ 15,537,100</u>	<u>\$ 16,033,618</u>	<u>\$ 14,953,749</u>	<u>\$ 15,266,396</u>
Covered payroll	\$ 6,222,662	\$ 6,046,590	\$ 5,739,759	\$ 5,848,499
Collective total OPEB liability as a percentage of the covered payroll	105.9%	112.6%	111.2%	112.8%
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%

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

Note to schedule:

Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <http://cgfa.ilga.gov/>

Supplementary Information

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 8,141,371	\$ 7,829,285	\$ (312,086)
Corporate property replacement taxes	67,078	101,535	34,457
Charges for services	212,250	412,812	200,562
Unrestricted state aid	6,538,569	6,538,578	9
Restricted state aid	1,383,657	1,172,239	(211,418)
Restricted federal aid	2,016,722	2,366,745	350,023
Interest	102,000	215,346	113,346
Total revenues	18,461,647	18,636,540	174,893
Expenditures:			
Current:			
Instruction:			
Regular programs	6,264,111	6,182,066	82,045
Special programs	1,580,492	1,484,255	96,237
Other instructional programs	6,607	206,422	(199,815)
Support services:			
Pupils	682,897	659,032	23,865
Instructional staff	503,067	587,611	(84,544)
General administration	715,804	713,047	2,757
School administration	877,930	783,281	94,649
Business	1,426,802	1,376,946	49,856
Operations and maintenance	2,103,098	1,852,643	250,455
Other	1,500	-	1,500
Community services	22,215	20,373	1,842
Payments to other governments	1,220,068	1,324,834	(104,766)
Capital outlay	4,014,316	3,129,676	884,640
Total expenditures	19,418,907	18,320,186	1,098,721
Excess of revenues over expenditures	(957,260)	316,354	1,273,614
Other financing sources:			
Transfers in	24,250	24,000	(250)
Transfers (out)	(15,000)	(15,000)	-
Total financing sources (uses)	9,250	9,000	(250)
Change in fund balance	\$ (948,010)	325,354	\$ 1,273,364
Fund balance:			
July 1, 2020, as restated		14,737,093	
June 30, 2021		\$ 15,062,447	

Worth School District 127

**Major Governmental Funds
Combining Balance Sheet - Modified Cash Basis
General Fund, By Accounts
June 30, 2021**

	Educational Account	Operations and Maintenance Account	Tort Immunity Account	Working Cash Account	Total
Assets					
Cash and investments	\$ 11,590,485	\$ 1,383,192	\$ 247,463	\$ 1,849,656	\$ 15,070,796
Liabilities and Fund Balance					
Other liabilities	\$ 8,349	\$ -	\$ -	\$ -	\$ 8,349
Fund balance:					
Restricted	72,315	1,383,192	247,463	-	1,702,970
Unassigned	11,509,821	-	-	1,849,656	13,359,477
Total fund balance	11,582,136	1,383,192	247,463	1,849,656	15,062,447
Total liabilities and fund balance	\$ 11,590,485	\$ 1,383,192	\$ 247,463	\$ 1,849,656	\$ 15,070,796

Worth School District 127

Major Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Modified Cash Basis

General Fund, By Accounts

Year Ended June 30, 2021

	Educational Account	Operations and Maintenance Account	Tort Immunity Account	Working Cash Account	Total
Revenues:					
Property taxes	\$ 6,800,155	\$ 856,803	\$ 94,416	\$ 77,911	\$ 7,829,285
Corporate property replacement taxes	101,535	-	-	-	101,535
Charges for services	260,813	151,999	-	-	412,812
Unrestricted state aid	4,504,001	2,034,577	-	-	6,538,578
Restricted state aid	75,554	1,096,685	-	-	1,172,239
Restricted federal aid	2,366,745	-	-	-	2,366,745
Interest	172,906	14,269	3,317	24,854	215,346
Total revenues	14,281,709	4,154,333	97,733	102,765	18,636,540
Expenditures:					
Current:					
Instruction:					
Regular programs	6,182,066	-	-	-	6,182,066
Special programs	1,484,255	-	-	-	1,484,255
Other instructional programs	206,422	-	-	-	206,422
Support services:					
Pupils	659,032	-	-	-	659,032
Instructional staff	587,611	-	-	-	587,611
General administration	591,609	-	121,438	-	713,047
School administration	783,281	-	-	-	783,281
Business	1,376,946	-	-	-	1,376,946
Operations and maintenance	-	1,852,643	-	-	1,852,643
Community services	20,373	-	-	-	20,373
Payments to other governments	1,324,834	-	-	-	1,324,834
Capital outlay	125,454	3,004,222	-	-	3,129,676
Total expenditures	13,341,883	4,856,865	121,438	-	18,320,186
Excess (deficiency) of revenues over (under) expenditures	939,826	(702,532)	(23,705)	102,765	316,354
Other financing sources (uses):					
Transfers in	-	24,000	-	-	24,000
Transfers out	-	-	-	(15,000)	(15,000)
Total other financing sources (uses)	-	24,000	-	(15,000)	9,000
Change in fund balance	939,826	(678,532)	(23,705)	87,765	325,354
Fund balance:					
July 1 2020, as restated	10,642,310	2,061,724	271,168	1,761,891	14,737,093
June 30, 2021	\$ 11,582,136	\$ 1,383,192	\$ 247,463	\$ 1,849,656	\$ 15,062,447

Worth School District 127

Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis
Budget and Actual
General Fund, By Accounts
Year Ended June 30, 2021

	Educational Account		Operations and Maintenance		Tort Immunity Account		Working Cash Account		Total	
	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual
Revenues:										
Property taxes	\$ 7,018,836	\$ 6,800,155	\$ 937,806	\$ 856,803	\$ 99,580	\$ 94,416	\$ 85,149	\$ 77,911	\$ 8,141,371	\$ 7,829,285
Corporate property replacement taxes	67,078	101,535	-	-	-	-	-	-	67,078	101,535
Charges for services	60,750	260,813	151,500	151,999	-	-	-	-	212,250	412,812
Unrestricted state aid	4,100,000	4,504,001	2,438,569	2,034,577	-	-	-	-	6,538,569	6,538,578
Restricted state aid	82,683	75,554	1,300,974	1,096,685	-	-	-	-	1,383,657	1,172,239
Restricted federal aid	2,016,722	2,366,745	-	-	-	-	-	-	2,016,722	2,366,745
Interest	75,000	172,906	10,000	14,269	2,000	3,317	15,000	24,854	102,000	215,346
Total revenues	13,421,069	14,281,709	4,838,849	4,154,333	101,580	97,733	100,149	102,765	18,461,647	18,636,540
Expenditures:										
Current:										
Instruction:										
Regular programs	6,264,111	6,182,066	-	-	-	-	-	-	6,264,111	6,182,066
Special programs	1,580,492	1,484,255	-	-	-	-	-	-	1,580,492	1,484,255
Other instructional programs	6,607	206,422	-	-	-	-	-	-	6,607	206,422
Support services:										
Pupils	682,897	659,032	-	-	-	-	-	-	682,897	659,032
Instructional staff	503,067	587,611	-	-	-	-	-	-	503,067	587,611
General administration	589,366	591,609	-	-	126,438	121,438	-	-	715,804	713,047
School administration	877,930	783,281	-	-	-	-	-	-	877,930	783,281
Business	1,426,802	1,376,946	-	-	-	-	-	-	1,426,802	1,376,946
Operations and maintenance	-	-	2,103,098	1,852,643	-	-	-	-	2,103,098	1,852,643
Other	1,500	-	-	-	-	-	-	-	1,500	-
Community services	22,215	20,373	-	-	-	-	-	-	22,215	20,373
Payments to other governments	1,220,068	1,324,834	-	-	-	-	-	-	1,220,068	1,324,834
Capital outlay	164,316	125,454	3,850,000	3,004,222	-	-	-	-	4,014,316	3,129,676
Total expenditures	13,339,371	13,341,883	5,953,098	4,856,865	126,438	121,438	-	-	19,418,907	18,320,186
Excess (deficiency) of revenues over (under) expenditures	81,698	939,826	(1,114,249)	(702,532)	(24,858)	(23,705)	100,149	102,765	(957,260)	316,354
Other financing sources (uses):										
Transfers in	-	-	24,250	24,000	-	-	-	-	24,250	24,000
Transfers (out)	-	-	-	-	-	-	(15,000)	(15,000)	(15,000)	(15,000)
Total other financing sources (uses)	-	-	24,250	24,000	-	-	(15,000)	(15,000)	9,250	9,000
Change in fund balance	\$ 81,698	939,826	\$ (1,089,999)	(678,532)	\$ (24,858)	(23,705)	\$ 85,149	87,765	\$ (948,010)	325,354
Fund balance:										
July 1 2020, as restated		10,642,310		2,061,724		271,168		1,761,891		14,737,093
June 30, 2021		<u>\$ 11,582,136</u>		<u>\$ 1,383,192</u>		<u>\$ 247,463</u>		<u>\$ 1,849,656</u>		<u>\$ 15,062,447</u>

Worth School District 127

Nonmajor Governmental Funds

Combining Balance Sheet - By Fund Type - Modified Cash Basis

June 30, 2021

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
	Municipal Retirement/Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Life Safety Fund	
Assets					
Cash and investments	\$ 531,951	\$ 1,374,243	\$ 16,997	\$ 921,219	\$ 2,844,410
Liabilities and Fund Balances					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Restricted	531,951	1,374,243	16,997	921,219	2,844,410
Total liabilities and fund balances	\$ 531,951	\$ 1,374,243	\$ 16,997	\$ 921,219	\$ 2,844,410

Worth School District 127

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -

Modified Cash Basis - By Fund Type

Year Ended June 30, 2021

	Special Revenue Fund			Capital Project Fund	Total Nonmajor Governmental Funds
	Municipal Retirement/Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Life Safety Fund	
Revenues:					
Property taxes	\$ 267,641	\$ 325,388	\$ 673,652	\$ 155,771	\$ 1,422,452
Restricted state aid	-	195,879	-	-	195,879
Corporate property replacement taxes	1,525	-	-	-	1,525
Interest	8,540	15,735	258	12,859	37,392
Total revenues	277,706	537,002	673,910	168,630	1,657,248
Expenditures:					
Instruction:					
Regular programs	74,582	-	-	-	74,582
Special programs	71,643	-	-	-	71,643
Other instructional programs	89	-	-	-	89
Support services:					
Pupils	30,388	-	-	-	30,388
Instructional staff	3,754	-	-	-	3,754
General administration	15,368	-	-	-	15,368
School administration	33,241	-	-	-	33,241
Business	57,369	-	-	-	57,369
Operations and maintenance	81,468	-	-	-	81,468
Transportation	-	119,490	-	-	119,490
Central	22,056	-	-	-	22,056
Community services	247	-	-	-	247
Debt service:					
Principal	-	-	295,467	-	295,467
Interest and charges	-	-	404,933	-	404,933
Capital outlay	-	-	-	220,237	220,237
Total expenditures	390,205	119,490	700,400	220,237	1,430,332
Excess (deficiency) of revenues over (under) expenditures	(112,499)	417,512	(26,490)	(51,607)	226,916
Other financing (uses):					
Transfers out	(3,000)	(6,000)	-	-	(9,000)
Change in fund balances	(115,499)	411,512	(26,490)	(51,607)	217,916
Fund balances:					
July 1, 2020	647,450	962,731	43,487	972,826	2,626,494
June 30, 2021	\$ 531,951	\$ 1,374,243	\$ 16,997	\$ 921,219	\$ 2,844,410

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Municipal Retirement/Social Security Fund
Year Ended June 30, 2021**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 207,160	\$ 267,641	\$ 60,481
Corporate property replacement taxes	1,000	1,525	525
Interest	6,000	8,540	2,540
Total revenues	<u>214,160</u>	<u>277,706</u>	<u>63,546</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	81,682	74,582	7,100
Special programs	74,417	71,643	2,774
Other instructional programs	-	89	(89)
Support services:			
Pupils	31,989	30,388	1,601
Instructional staff	4,004	3,754	250
General administration	14,885	15,368	(483)
School administration	36,337	33,241	3,096
Business	43,662	57,369	(13,707)
Operations and maintenance	88,447	81,468	6,979
Central	22,530	22,056	474
Community services	250	247	3
Total expenditures	<u>398,203</u>	<u>390,205</u>	<u>7,998</u>
Deficiency of revenues under expenditures	(184,043)	(112,499)	71,544
Other financing (uses):			
Transfers out	(3,000)	(3,000)	-
Change in fund balance	<u>\$ (187,043)</u>	<u>(115,499)</u>	<u>\$ 71,544</u>
Fund balance:			
July 1, 2020		<u>647,450</u>	
June 30, 2021		<u>\$ 531,951</u>	

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 421,044	\$ 325,388	\$ (95,656)
Restricted state aid	175,000	195,879	20,879
Interest	6,000	15,735	9,735
Total revenues	<u>602,044</u>	<u>537,002</u>	<u>(65,042)</u>
Expenditures:			
Current:			
Support services, Transportation	<u>110,000</u>	<u>119,490</u>	<u>(9,490)</u>
Excess of revenues over expenditures	492,044	417,512	(74,532)
Other financing (uses):			
Transfers out	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Change in fund balance	<u><u>\$ 486,044</u></u>	<u>411,512</u>	<u><u>\$ (74,532)</u></u>
Fund balance:			
July 1, 2020		<u>962,731</u>	
June 30, 2021		<u><u>\$ 1,374,243</u></u>	

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 736,173	\$ 673,652	\$ (62,521)
Interest	250	258	8
Total revenues	<u>736,423</u>	<u>673,910</u>	<u>(62,513)</u>
Expenditures:			
Debt service:			
Principal	295,467	295,467	-
Interest and charges	404,933	404,933	-
Total expenditures	<u>700,400</u>	<u>700,400</u>	<u>-</u>
Excess of revenues over expenditures	36,023	(26,490)	(62,513)
Other financing (uses):			
Transfers out	(250)	-	250
Change in fund balance	<u>\$ 35,773</u>	(26,490)	<u>\$ (62,263)</u>
Fund balance:			
July 1, 2020		<u>43,487</u>	
June 30, 2021		<u>\$ 16,997</u>	

Worth School District 127

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Life Safety Fund
Year Ended June 30, 2021**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 168,353	\$ 155,771	\$ (12,582)
Interest	5,000	12,859	7,859
Total revenues	<u>173,353</u>	<u>168,630</u>	<u>(4,723)</u>
Expenditures:			
Operations and maintenance	-	-	-
Capital outlay	220,237	220,237	-
Total expenditures	<u>220,237</u>	<u>220,237</u>	<u>-</u>
Change in fund balance	<u>\$ (46,884)</u>	(51,607)	<u>\$ (4,723)</u>
Fund balance:			
July 1, 2020		<u>972,826</u>	
June 30, 2021		<u>\$ 921,219</u>	

Worth School District 127

Schedule of Assessed Valuations, Tax Rates, Extensions and Collections Last Five Years

	Tax Year				
	2020	2019	2018	2017	2016
Assessed Valuations	\$ 210,975,691	\$ 169,912,061	\$ 170,244,692	\$ 176,548,611	\$ 150,600,941
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	3.2391	3.9107	4.3277	4.1480	3.3711
Special Education	0.3224	0.4000	0.4000	0.3425	0.3853
Operations and Main-tenance Accounts:					
Standard	0.4433	0.5500	0.5500	0.4709	0.5298
Tort Immunity	0.0488	0.0606	0.0605	0.1021	0.1368
Working Cash Fund	0.0403	0.0500	0.0500	0.0428	0.0482
Transportation Fund	0.1465	0.2425	0.2269	0.1896	1.5028
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	0.0488	0.0606	0.0605	0.0583	0.1026
Social Security	0.1221	0.0606	0.0605	0.0583	0.1197
Bond and Interest Fund	0.3484	0.4326	0.4317	0.4163	0.4880
Fire Prevention and Life Safety Fund	0.0806	0.1000	0.1000	0.0856	0.0963
Total	4.8402	5.8676	6.2678	5.9145	6.7806
Extended Tax Rate	4.840	5.868	6.268	5.914	6.781
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 6,833,774	\$ 6,644,766	\$ 7,367,711	\$ 7,323,151	\$ 5,076,975
Special Education	680,109	679,648	680,979	604,648	580,226
Operations and Main-tenance Accounts:					
Standard	935,150	934,516	936,346	831,391	797,810
Tort Immunity	103,000	103,000	103,000	180,250	206,000
Working Cash Fund	85,014	84,956	85,122	75,581	72,528
Transportation Fund	309,000	412,000	386,250	334,750	2,263,228
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	103,000	103,000	103,000	103,000	154,500
Social Security	257,500	103,000	103,000	103,000	180,250
Bond and Interest Fund	735,000	735,000	735,000	735,000	735,000
Fire Prevention and Life Safety Fund	170,027	169,912	170,245	151,162	145,056
Totals	\$ 10,211,574	\$ 9,969,798	\$ 10,670,653	\$ 10,441,933	\$ 10,211,573
Taxes collected	\$ 5,208,803	\$ 9,650,076	\$ 10,261,204	\$ 10,142,457	\$ 9,784,674
Percentage collected	51.01%	96.79%	96.16%	97.13%	95.82%

Worth School District 127

**Schedule of Debt Service Requirements
June 30, 2021**

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
<hr/>				
Capital Appreciation				
Bond Issue of August 31, 2005	2022	\$ 276,136	\$ 423,864	\$ 700,000
Original Amount \$1,528,144	2023	258,152	441,848	700,000
Interest payable semi annually	2024	241,058	458,942	700,000
at interest rate of 5.67% to 5.98%	2025	207,556	437,444	645,000
Paying Agent: Cole Taylor Bank		982,902	1,762,098	2,745,000
		1,468,669	(1,468,669)	-
Accumulated accretion		<u>\$ 2,451,571</u>	<u>\$ 293,429</u>	<u>\$ 2,745,000</u>