

Mercer County School District No. 404

Aledo, Illinois

*Annual Financial Report
and Other Financial Information*

June 30, 2021

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Gorenz and Associates, Ltd.

Certified Public Accountants

Tim C. Custis, CPA
Jason A. Hobulin, CPA

Russell J. Rumbold II, CPA
Cory S. Cowan, CPA

Independent Auditor's Report

To the Board of Education
Mercer County School District No. 404
Aledo, Illinois

We have audited the accompanying financial statements of Mercer County School District No. 404 which are comprised of the Statement of Assets and Liabilities Arising from Cash Transactions as of June 30, 2021, and the related Statement of Revenues Received, Expenditures Disbursed, Other Sources (Uses) and Changes in Fund Balances (All Funds), the Statement of Revenues Received (All Funds), and the Statements of Expenditures Disbursed - Budget to Actual for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education, as described in Note #1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note #1, the financial statements are prepared by Mercer County School District No. 404 on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Illinois State Board of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note #1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Mercer County School District No. 404 as of June 30, 2021, or changes in net position or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of each fund of Mercer County School District No. 404 as of June 30, 2021, and their respective revenues received, expenditures disbursed, other sources (uses) and changes in fund balances, revenues received, and expenditures disbursed -budget to actual, for the year then ended in accordance with the financial reporting provisions of the Illinois State Board of Education as described in Note #1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mercer County School District No. 404’s basic financial statements. The schedules listed in the table of contents as “Supplemental Information” and “Other Information” are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of Mercer County School District No. 404 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mercer County School District No. 404’s internal control over financial reporting and compliance.

Gorenz and Associates, Ltd.

Peoria, Illinois
December 17, 2021

Gorenz and Associates, Ltd.

Certified Public Accountants

Tim C. Custis, CPA
Jason A. Hobulin, CPA

Russell J. Rumbold II, CPA
Cory S. Cowan, CPA

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

To the Board of Education
Mercer County School District No. 404
Aledo, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mercer County School District No. 404, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Mercer County School District No. 404's basic financial statements and have issued our report thereon dated December 17, 2021. Our report expressed an adverse opinion on the financial statements because the financial statements are not prepared in accordance with accounting principles generally accepted in the United States of America. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mercer County School District No. 404's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mercer County School District No. 404's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mercer County School District No. 404's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the school district's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercer County School District No. 404's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mercer County School District No. 404's Response to Findings

Mercer County School District No. 404's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mercer County School District No. 404's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gorenz and Associates, Ltd.

Peoria, Illinois
December 17, 2021

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Trust and Agency Funds	Account Groups		Total (Memorandum Only)	
											General Fixed Assets	General Long Term Debt		
<u>Assets</u>														
<u>Current Assets</u>														
Cash and Cash Equivalents	1,548,535	1,419,134	148,416	834,056	767,083	1,105,066	324,822	655,263	1,209,270	943,137			8,954,782	
Investments	617,200	1,014,800					1,710,400						3,342,400	
Other Receivables	827												827	
<u>Capital Assets</u>														
Land												235,697	235,697	
Buildings & Building Improvements												17,320,434	17,320,434	
Site Improvements & Infrastructure												6,531,315	6,531,315	
Capitalized Equipment												2,137,658	2,137,658	
Amounts Available in Debt Service Funds													148,416	
Amounts to be Provided for Payment of Debt													3,532,799	
Total Assets	2,166,562	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	943,137	26,225,104	3,681,215	42,204,328	
<u>Liabilities and Fund Balances</u>														
<u>Liabilities:</u>														
Long Term Debt Payable													3,681,215	3,681,215
Total Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	3,681,215	3,681,215
<u>Fund Balances:</u>														
Reserved		44,979	54,473		332,117	934,080				943,137			2,308,786	
Unreserved	2,166,562	2,388,955	93,943	834,056	434,966	170,986	2,035,222	655,263	1,209,270				9,989,223	
Investments in General Fixed Assets											26,225,104		26,225,104	
Total Fund Balances	2,166,562	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	943,137	26,225,104	0	38,523,113	
Total Liabilities and Fund Balances	2,166,562	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	943,137	26,225,104	3,681,215	42,204,328	

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Trust and Agency Funds	Account Groups		Total (Memorandum Only)	
											General Fixed Assets	General Long Term Debt		
Assets/Liabilities for Student Activity Funds														
<u>Current Assets</u>														
Student Activity Fund Cash and Investments	191,942													191,942
Total Current Assets for Student Activity Funds	191,942													191,942
<u>Current Liabilities</u>														
Fund Balance Reserved for Student Activity Funds	191,942													191,942
Total Liabilities and Fund Balance for Student Activity Funds	191,942													191,942
Total Assets/Liabilities District and Student Activity Funds														
Total Current Assets and Student Activity Funds	2,358,504	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	943,137				12,489,951
Total Capital Assets and Student Activity Funds											26,225,104	3,681,215		29,906,319
Total Assets with Student Activity Funds (Memorandum Only)														42,396,270
Long-Term Liabilities and Student Activity Funds														
Reserved Fund Balance and Student Activity Funds	191,942	44,979	54,473	0	332,117	934,080	0	0	0	943,137		3,681,215		2,500,728
Unreserved Fund Balance and Student Activity Funds	2,166,562	2,388,955	93,943	834,056	434,966	170,986	2,035,222	655,263	1,209,270	0				9,989,223
Investments in General Fixed Assets											26,225,104			26,225,104
Total Liabilities and Fund Balance and Student Activity Funds	2,358,504	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	943,137	26,225,104	3,681,215		42,396,270

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
OTHER SOURCES (USES) AND CHANGES IN FUND BALANCES (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts:										
Local Sources	5,796,351	1,406,598	568,585	523,938	597,301	370,520	86,575	675,553	102,609	10,128,030
State Sources	4,167,677			492,398						4,660,075
Federal Sources	1,635,456									1,635,456
Total Direct Receipts	11,599,484	1,406,598	568,585	1,016,336	597,301	370,520	86,575	675,553	102,609	16,423,561
Receipts for On-Behalf Payments	5,447,430									5,447,430
Total Receipts	17,046,914	1,406,598	568,585	1,016,336	597,301	370,520	86,575	675,553	102,609	21,870,991
Disbursements:										
Instruction	8,175,634				189,930			88,452		8,454,016
Support Services	2,888,118	1,222,991		1,094,192	283,245			611,621	141,957	6,242,124
Community Services	597									597
Payments to Other Governmental Units	514,761									514,761
Debt Services			555,459							555,459
Total Direct Disbursements	11,579,110	1,222,991	555,459	1,094,192	473,175	0	0	700,073	141,957	15,766,957
Disbursements for On-Behalf Payments	5,447,430									5,447,430
Total Disbursements	17,026,540	1,222,991	555,459	1,094,192	473,175	0	0	700,073	141,957	21,214,387
Excess of Direct Receipts Over (Under) Direct Disbursements	20,374	183,607	13,126	(77,856)	124,126	370,520	86,575	(24,520)	(39,348)	656,604
Other Sources of Funds:										
Sale of Fixed Assets				46,400						46,400
Other (Uses) of Funds:										0
Total Other Sources and (Uses) of Funds	0	0	0	46,400	0	0	0	0	0	46,400
Excess of Receipts and Other Sources of Funds Over (Under) Disbursements and Other Uses of Funds	20,374	183,607	13,126	(31,456)	124,126	370,520	86,575	(24,520)	(39,348)	703,004
Fund Balances without Student Activity Funds - July 1, 2020	2,146,188	2,250,327	135,290	865,512	642,957	734,546	1,948,647	679,783	1,248,618	10,651,868
Fund Balances without Student Activity Funds - June 30, 2021	2,166,562	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	11,354,872

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
OTHER SOURCES (USES) AND CHANGES IN FUND BALANCES (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Student Activity Fund Balance - July 1, 2020	209,299									209,299
Receipts - Student Activity Funds										
Total Student Activity Direct Receipts	133,831									133,831
Disbursements - Student Activity Funds										
Total Student Activity Fund Disbursements	<u>151,188</u>									<u>151,188</u>
Excess Direct Receipts Over(Under) Direct Disbursements	<u>(17,357)</u>									<u>(17,357)</u>
Student Activity Fund Balance - June 30, 2021	<u>191,942</u>									<u>191,942</u>
Receipts (with Student Activity Funds):										
Local Sources	5,930,182	1,406,598	568,585	523,938	597,301	370,520	86,575	675,553	102,609	10,261,861
State Sources	4,167,677			492,398						4,660,075
Federal Sources	1,635,456									1,635,456
Total Direct Receipts	<u>11,733,315</u>	<u>1,406,598</u>	<u>568,585</u>	<u>1,016,336</u>	<u>597,301</u>	<u>370,520</u>	<u>86,575</u>	<u>675,553</u>	<u>102,609</u>	<u>16,557,392</u>
Receipts for On-Behalf Payments	<u>5,447,430</u>									<u>5,447,430</u>
Total Receipts (with Student Activity Funds)	<u>17,180,745</u>	<u>1,406,598</u>	<u>568,585</u>	<u>1,016,336</u>	<u>597,301</u>	<u>370,520</u>	<u>86,575</u>	<u>675,553</u>	<u>102,609</u>	<u>22,004,822</u>
Disbursements (with Student Activity Funds):										
Instruction	8,326,822				189,930			88,452		8,605,204
Support Services	2,888,118	1,222,991		1,094,192	283,245			611,621	141,957	6,242,124
Community Services	597									597
Payments to Other Governmental Units	514,761									514,761
Debt Services			555,459							555,459
Total Direct Disbursements	<u>11,730,298</u>	<u>1,222,991</u>	<u>555,459</u>	<u>1,094,192</u>	<u>473,175</u>	<u>0</u>	<u>0</u>	<u>700,073</u>	<u>141,957</u>	<u>15,918,145</u>
Disbursements for On-Behalf Payments	<u>5,447,430</u>									<u>5,447,430</u>
Total Disbursements (with Student Activity Funds)	<u>17,177,728</u>	<u>1,222,991</u>	<u>555,459</u>	<u>1,094,192</u>	<u>473,175</u>	<u>0</u>	<u>0</u>	<u>700,073</u>	<u>141,957</u>	<u>21,365,575</u>
Excess of Direct Receipts Over (Under) Direct Disbursements	<u>3,017</u>	<u>183,607</u>	<u>13,126</u>	<u>(77,856)</u>	<u>124,126</u>	<u>370,520</u>	<u>86,575</u>	<u>(24,520)</u>	<u>(39,348)</u>	<u>639,247</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
 OTHER SOURCES (USES) AND CHANGES IN FUND BALANCES (ALL FUNDS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Other Sources/Uses of Funds (with Student Activity Funds):										
Other Sources of Funds:										
Total Other Sources of Funds	0	0	0	46,400	0	0	0	0	0	46,400
Other (Uses) of Funds:										
Total Other Uses of Funds	0	0	0	0	0	0	0	0	0	0
Total Other Sources and (Uses) of Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,400</u>
Fund Balances (All sources) - June 30, 2021	<u>2,358,504</u>	<u>2,433,934</u>	<u>148,416</u>	<u>834,056</u>	<u>767,083</u>	<u>1,105,066</u>	<u>2,035,222</u>	<u>655,263</u>	<u>1,209,270</u>	<u>11,546,814</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF REVENUES RECEIVED (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts From Local Sources:										
Ad Valorem Taxes Levied By Local Education Agency:										
Designated Purposes Levies	4,437,288	1,150,418	560,532	328,696	201,943		82,176	598,077	82,176	7,441,306
Leasing Levy	82,176									82,176
Special Education Levy	65,741									65,741
Social Security/Medicare Levy					361,149					361,149
Payments in Lieu of Taxes:										
Mobile Home Privilege Tax	1,008	253	123	72	124		18	131	18	1,747
Local Housing Authorities	3,956	993	484	284	487		71	516	71	6,862
Corporate Personal Property										
Replacement Taxes	713,558	203,070		180,000	20,000					1,116,628
Other Payments in Lieu of Taxes	24,884	6,243	3,044	1,784	3,060		446	3,242	446	43,149
Interest on Investments	150,030	21,819	4,402	13,102	10,538	10,823	3,864	9,808	15,493	239,879
Food Services:										
Sales to Pupils - Lunch	11,037									11,037
Sales to Pupils - Breakfast	975									975
Sales to Pupils - Ala Carte	12,508									12,508
Sales to Adults	1,920									1,920
Other Food Services	2,568									2,568
District/School Activity Income:										
Fees	2,030	2,390								4,420
Other Pupil Activity Revenue	9,884									9,884
Student Activity Fund Revenues	133,831									
Textbook Income:										
Rentals - Regular Textbooks	58,340									58,340
Rentals - Adult/Continuing Educ. Textbooks	15,231									15,231
Other Receipts from Local Sources:										
Rentals		1,375								1,375
Contributions from Private Sources	103,456	9,880						63,779	4,405	181,520
Refund of Prior Years' Expenditures	1,861									1,861
Drivers' Education Fees	6,000									6,000
School Facility Occupation Tax Proceeds						359,697				359,697
Other Local Revenue	91,900	10,157								102,057
Total Receipts from Local Sources (without Student Activity Funds)	5,796,351	1,406,598	568,585	523,938	597,301	370,520	86,575	675,553	102,609	10,128,030
Total Receipts from Local Sources (with Student Activity Funds)	5,930,182									

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF REVENUES RECEIVED (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts From State Sources:										
Unrestricted Grants-in-Aid:										
Evidence Based Funding Formula - Sec. 18-8.15	3,829,750									3,829,750
Restricted Grants-in-Aid:										
Special Education:										
Private Facilities Tuition		27,401								27,401
Orphanage - Individual		32,869								32,869
Career and Technical Education (CTE):										
CTE - Secondary Program Improvement (CTEI)		20,824								20,824
CTE - Agriculture Education		14,323								14,323
State Free Lunch and Breakfast		1,635								1,635
Driver Education		11,265								11,265
Transportation:										
Transportation - Regular / Vocational				424,761						424,761
Transportation - Special Education				67,637						67,637
Early Childhood - Block Grant		227,778								227,778
Other Restricted Revenues from State Funds		1,832								1,832
Total Receipts from State Sources	4,167,677	0	0	492,398	0	0	0	0	0	4,660,075

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF REVENUES RECEIVED (ALL FUNDS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Receipts From Federal Sources:										
Restricted Grants-in-Aid Received Directly from the Federal Government Through the State:										
Food Service										
National School Lunch Program		7,669								7,669
School Breakfast Program		2,280								2,280
Summer Food Service Program		394,239								394,239
Child Care Commodity/Adult Day Care		2,866								2,866
Title 1:										
Low Income		297,871								297,871
Other		55,871								55,871
Title IV -										
Student Support & Academic Enrichment		20,102								20,102
Federal - Special Education:										
Pre-School Flow Through		10,188								10,188
I.D.E.A.-Flow Through		308,294								308,294
I.D.E.A.-Room & Board		4,597								4,597
Title II - Teacher Quality		37,091								37,091
Medicaid Matching - Administrative Outreach		24,526								24,526
Medicaid Matching - Fee for Service Program		22,862								22,862
Other Federal		447,000								447,000
Total Receipts from Federal Sources	1,635,456	0	0	0	0	0	0	0	0	1,635,456
Total Direct Receipts (without Student Activity Funds)	11,599,484	1,406,598	568,585	1,016,336	597,301	370,520	86,575	675,553	102,609	16,423,561
Total Direct Receipts (with Student Activity Funds)	11,733,315									

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Salaries	4,001,381	4,040,600	39,219
Employee Benefits	499,842	538,100	38,258
Purchased Services	7,701	19,250	11,549
Supplies and Materials	135,043	174,100	39,057
Capital Outlay	0	5,000	5,000
Other Objects	385	400	15
Total Regular Programs	<u>4,644,352</u>	<u>4,777,450</u>	<u>133,098</u>
Pre-K Programs:			
Salaries	154,456	146,200	(8,256)
Employee Benefits	29,879	37,900	8,021
Purchased Services	30	1,500	1,470
Supplies and Materials	14,105	17,000	2,895
Capital Outlay	4,600	1,000	(3,600)
Total Pre-K Programs	<u>203,070</u>	<u>203,600</u>	<u>530</u>
Special Education Programs:			
Salaries	1,013,773	1,035,500	21,727
Employee Benefits	141,184	167,850	26,666
Purchased Services	2,128	5,500	3,372
Supplies and Materials	8,763	12,000	3,237
Capital Outlay	0	1,000	1,000
Total Special Education Programs	<u>1,165,848</u>	<u>1,221,850</u>	<u>56,002</u>
Special Education Programs Pre-K:			
Salaries	52,110	62,200	10,090
Employee Benefits	7,933	7,650	(283)
Total Special Education Programs Pre-K	<u>60,043</u>	<u>69,850</u>	<u>9,807</u>
Remedial and Supplemental Programs K-12:			
Salaries	127,322	174,000	46,678
Employee Benefits	33,945	36,300	2,355
Purchased Services	89,206	135,500	46,294
Supplies and Materials	309,388	343,500	34,112
Capital Outlay	252,522	329,500	76,978
Total Remedial and Supplemental Programs K-12	<u>812,383</u>	<u>1,018,800</u>	<u>206,417</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
CTE Programs:			
Salaries	264,947	264,000	(947)
Employee Benefits	35,121	36,000	879
Purchased Services	3,344	5,365	2,021
Supplies and Materials	10,354	15,000	4,646
Capital Outlay	1,960	1,000	(960)
Total CTE Programs	<u>315,726</u>	<u>321,365</u>	<u>5,639</u>
Interscholastic Programs:			
Salaries	423,596	428,000	4,404
Employee Benefits	33,956	32,750	(1,206)
Purchased Services	35,528	64,400	28,872
Supplies and Materials	56,223	65,700	9,477
Other Objects	99	0	(99)
Total Interscholastic Programs	<u>549,402</u>	<u>590,850</u>	<u>41,448</u>
Summer School Programs:			
Salaries	89,376	0	(89,376)
Employee Benefits	7,967	0	(7,967)
Total Summer School Programs	<u>97,343</u>	<u>0</u>	<u>(97,343)</u>
Driver's Education Programs:			
Salaries	94,041	93,000	(1,041)
Employee Benefits	16,267	17,700	1,433
Purchased Services	3,331	4,750	1,419
Supplies and Materials	1,561	1,750	189
Total Drivers Education Programs	<u>115,200</u>	<u>117,200</u>	<u>2,000</u>
Truants' Alternative & Optional Programs:			
Purchased Services	0	5,000	5,000
Total Truants' Alternative Programs	<u>0</u>	<u>5,000</u>	<u>5,000</u>
Special Education Programs K-12 - Private Tuition	212,267	215,000	2,733
Student Activity Fund Expenditures	151,188	0	(151,188)
Total Instruction (Without Student Activity Funds)	<u>8,175,634</u>	<u>8,540,965</u>	<u>365,331</u>
Total Instruction (With Student Activity Funds)	<u>8,326,822</u>	<u>8,540,965</u>	<u>214,143</u>
Supporting Services:			
Support Services - Pupils:			
Guidance Services:			
Salaries	266,850	267,500	650
Employee Benefits	48,999	39,225	(9,774)
Purchased Services	0	500	500
Supplies and Materials	986	1,500	514
Capital Outlay	1,438	1,500	62
Total Guidance Services	<u>318,273</u>	<u>310,225</u>	<u>(8,048)</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Health Services:			
Salaries	89,779	92,500	2,721
Employee Benefits	18,751	18,750	(1)
Purchased Services	553	1,300	747
Supplies and Materials	2,976	3,000	24
Capital Outlay	4,496	4,500	4
Total Health Services	<u>116,555</u>	<u>120,050</u>	<u>3,495</u>
Speech Pathology and Audiology Services:			
Salaries	121,498	136,000	14,502
Employee Benefits	18,732	21,600	2,868
Purchased Services	523	1,000	477
Total Speech Pathology and Audiology Services:	<u>140,753</u>	<u>158,600</u>	<u>17,847</u>
Other Support Services-Pupils:			
Salaries	113	500	387
Employee Benefits	2	170	168
Purchased Services	2,004	2,500	496
Total Other Support Services-Pupils	<u>2,119</u>	<u>3,170</u>	<u>1,051</u>
Total Support Services-Pupils	<u>577,700</u>	<u>592,045</u>	<u>14,345</u>
Support Services-Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	0	30,225	30,225
Purchased Services	79,710	83,000	3,290
Supplies and Materials	4,124	9,000	4,876
Total Improvement of Instructional Services	<u>83,834</u>	<u>122,225</u>	<u>38,391</u>
Educational Media Services:			
Salaries	245,616	253,250	7,634
Employee Benefits	37,044	37,200	156
Purchased Services	207,065	227,000	19,935
Supplies and Materials	52,025	80,750	28,725
Capital Outlay	29,027	38,000	8,973
Total Educational Media Services	<u>570,777</u>	<u>636,200</u>	<u>65,423</u>
Assessment and Testing:			
Purchased Services	42,218	45,000	2,782
Total Assessment and Testing	<u>42,218</u>	<u>45,000</u>	<u>2,782</u>
Total Support Services-Instructional Staff	<u>696,829</u>	<u>803,425</u>	<u>106,596</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Support Services-General Administration:			
Board of Education Services:			
Salaries	68,124	73,000	4,876
Employee Benefits	14,522	14,100	(422)
Purchased Services	41,398	43,150	1,752
Supplies and Materials	1,045	1,000	(45)
Total Board of Education Services	<u>125,089</u>	<u>131,250</u>	<u>6,161</u>
Executive Administration Services:			
Salaries	105,000	105,000	0
Employee Benefits	26,036	26,700	664
Purchased Services	1,704	2,250	546
Supplies and Materials	69	500	431
Other Objects	1,766	2,500	734
Total Executive Administration Services	<u>134,575</u>	<u>136,950</u>	<u>2,375</u>
Total Support Services-General Administration	<u>259,664</u>	<u>268,200</u>	<u>8,536</u>
Support Services-School Administration:			
Office of the Principal Services:			
Salaries	586,365	590,500	4,135
Employee Benefits	90,866	96,950	6,084
Purchased Services	398	1,000	602
Supplies and Materials	1,094	2,500	1,406
Other Objects	2,314	2,500	186
Total Support Services-School Administration	<u>681,037</u>	<u>693,450</u>	<u>12,413</u>
Support Services-Business:			
Direction of Business Support Services:			
Purchased Services	29,313	30,500	1,187
Total Direction of Business Support Services	<u>29,313</u>	<u>30,500</u>	<u>1,187</u>
Fiscal Services:			
Salaries	66,447	67,500	1,053
Employee Benefits	7,229	8,600	1,371
Purchased Services	21,122	22,500	1,378
Supplies and Materials	1,362	1,500	138
Total Fiscal Services	<u>96,160</u>	<u>100,100</u>	<u>3,940</u>
Operation and Maintenance of Plant Services:			
Purchased Services	86,466	166,000	79,534
Supplies and Materials	39,548	45,000	5,452
Capital Outlay	14,350	16,000	1,650
Total Operation and Maintenance of Plant Services	<u>140,364</u>	<u>227,000</u>	<u>86,636</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Food Services:			
Salaries	148,320	152,000	3,680
Employee Benefits	31,263	33,300	2,037
Purchased Services	324	1,500	1,176
Supplies and Materials	219,191	252,000	32,809
Capital Outlay	0	1,000	1,000
Total Food Services	<u>399,098</u>	<u>439,800</u>	<u>40,702</u>
Total Support Services-Business	<u>664,935</u>	<u>797,400</u>	<u>132,465</u>
Support Services-Central:			
Staff Services:			
Salaries	7,203	7,500	297
Employee Benefits	750	800	50
Total Support Service-Central	<u>7,953</u>	<u>8,300</u>	<u>347</u>
Total Supporting Services	<u>2,888,118</u>	<u>3,162,820</u>	<u>274,702</u>
Community Services:			
Purchased Services	340	500	160
Supplies and Materials	257	500	243
Total Community Services	<u>597</u>	<u>1,000</u>	<u>403</u>
Payments to Other Governmental Units (In-State):			
Payments for Regular Programs:			
Purchased Services	0	500	500
Total Payments for Regular Programs	<u>0</u>	<u>500</u>	<u>500</u>
Payments for Special Education Programs:			
Purchased Services	230,996	240,000	9,004
Other Objects	62,666	65,000	2,334
Total Payments for Spec. Ed. Programs	<u>293,662</u>	<u>305,000</u>	<u>11,338</u>
Payments for Adult/Continuing Education Programs:			
Purchased Services	6,200	2,500	(3,700)
Total Payments for Adult/Continuing Education Programs	<u>6,200</u>	<u>2,500</u>	<u>(3,700)</u>
Total Payments to Other Governmental Units (In-State)	<u>299,862</u>	<u>308,000</u>	<u>8,138</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Payments to Other Governmental Units - Tuition (In-State):			
Special Education Programs - Tuition	214,899	215,000	101
Total Payments to Other Governmental Units - Tuition (In-State)	<u>214,899</u>	<u>215,000</u>	<u>101</u>
Total Payments to Other Governmental Units	<u>514,761</u>	<u>523,000</u>	<u>8,239</u>
Total Direct Disbursements (without Student Activity Funds)	<u>11,579,110</u>	<u>12,227,785</u>	<u>648,675</u>
Total Direct Disbursements (with Student Activity Funds)	<u><u>11,730,298</u></u>	<u><u>12,227,785</u></u>	<u><u>497,487</u></u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Supporting Services:			
Support Services-Business:			
Facilities Acquisition and Construction Services:			
Purchased Services	5,950	10,000	4,050
Capital Outlay	148,055	150,000	1,945
Total Facilities Acquisition and Construction Services:	<u>154,005</u>	<u>160,000</u>	<u>5,995</u>
Operation and Maintenance of Plant Services:			
Salaries	421,511	445,000	23,489
Employee Benefits	71,515	79,650	8,135
Purchased Services	62,137	78,150	16,013
Supplies and Materials	333,320	372,000	38,680
Capital Outlay	180,503	185,000	4,497
Total Operation and Maintenance of Plant Services	<u>1,068,986</u>	<u>1,159,800</u>	<u>90,814</u>
Total Direct Disbursements	<u><u>1,222,991</u></u>	<u><u>1,319,800</u></u>	<u><u>96,809</u></u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 DEBT SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Interest on Long-Term Debt	113,459	115,000	1,541
Payments of Principal on Long-Term Debt	442,000	445,000	3,000
Total Direct Disbursements	555,459	560,000	4,541

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Supporting Services:			
Support Services-Business:			
Pupil Transportation Services:			
Salaries	283,488	304,500	21,012
Employee Benefits	37,130	38,925	1,795
Purchased Services	652,363	465,300	(187,063)
Supplies and Materials	60,349	62,000	1,651
Capital Outlay	36,820	230,000	193,180
Total Pupil Transportation Services	1,070,150	1,100,725	30,575
Other Support Services:			
Salaries	22,500	22,500	0
Employee Benefits	1,542	1,625	83
Total Other Support Services	24,042	24,125	83
Total Direct Disbursements	1,094,192	1,124,850	30,658

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Employee Benefits	59,516	59,860	344
Pre-K Programs:			
Employee Benefits	2,076	8,500	6,424
Special Education Programs:			
Employee Benefits	89,496	94,750	5,254
Special Education Programs Pre-K:			
Employee Benefits	4,726	6,500	1,774
Remedial and Supplemental Programs K-12:			
Employee Benefits	13,366	15,200	1,834
CTE Programs:			
Employee Benefits	3,871	4,010	139
Interscholastic Programs:			
Employee Benefits	12,358	14,700	2,342
Summer School Programs:			
Employee Benefits	3,257	600	(2,657)
Driver's Education Programs:			
Employee Benefits	1,264	1,300	36
Total Instruction	<u>189,930</u>	<u>205,420</u>	<u>15,490</u>
Supporting Services:			
Support Services-Pupils:			
Guidance Services:			
Employee Benefits	7,092	7,000	(92)
Health Services:			
Employee Benefits	11,188	11,700	512
Speech Pathology and Audiology:			
Employee Benefits	1,882	2,000	118
Other Support Services-Pupils:			
Employee Benefits	2	525	523
Total Support Services-Pupils	<u>20,164</u>	<u>21,225</u>	<u>1,061</u>
Support Services-Instructional Staff:			
Improvement of Instruction Services:			
Employee Benefits	0	150	150
Educational Media Services:			
Employee Benefits	35,803	37,800	1,997
Total Support Services-Instructional Staff	<u>35,803</u>	<u>37,950</u>	<u>2,147</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Support Services-General Administration:			
Board of Education Services:			
Employee Benefits	12,112	13,000	888
Executive Administration Services:			
Employee Benefits	1,773	1,800	27
Educational, Inspectional, Supervisory Services Related to Loss Prevention or Reduction			
Employee Benefits	4,137	5,000	863
Total Support Services-General Administration	<u>18,022</u>	<u>19,800</u>	<u>1,778</u>
Support Services-School Administration:			
Office of the Principal Services:			
Employee Benefits	37,812	39,000	1,188
Total Support Services-School Administration	<u>37,812</u>	<u>39,000</u>	<u>1,188</u>
Support Services-Business:			
Fiscal Services:			
Employee Benefits	12,012	12,500	488
Operation and Maintenance of Plant Services:			
Employee Benefits	80,489	81,100	611
Pupil Transportation Services:			
Employee Benefits	51,402	56,275	4,873
Food Services:			
Employee Benefits	27,437	30,000	2,563
Total Support Services-Business	<u>171,340</u>	<u>179,875</u>	<u>8,535</u>
Support Services-Central:			
Staff Services:			
Employee Benefits	104	150	46
Total Support Service-Central	<u>104</u>	<u>150</u>	<u>46</u>
Other Support Services:			
Employee Benefits	0	350	350
Total Support Services	<u>283,245</u>	<u>298,350</u>	<u>15,105</u>
Total Direct Disbursements	<u><u>473,175</u></u>	<u><u>503,770</u></u>	<u><u>30,595</u></u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Budget</u>
Expenditures Disbursed:			
Support Services:			
Support Services-Business:			
Facilities Acquisition & Construction:			
Capital Outlay	0	50,000	50,000
Total Direct Disbursements	<u>0</u>	<u>50,000</u>	<u>50,000</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Instruction:			
Regular Programs:			
Salaries	7,779	8,200	421
Employee Benefits	144	195	51
Total Regular Programs	<u>7,923</u>	<u>8,395</u>	<u>472</u>
Special Education Programs:			
Salaries	57,723	60,000	2,277
Employee Benefits	1,175	2,600	1,425
Total Special Education Programs	<u>58,898</u>	<u>62,600</u>	<u>3,702</u>
CTE Programs:			
Salaries	9,902	11,000	1,098
Employee Benefits	119	175	56
Total CTE Programs	<u>10,021</u>	<u>11,175</u>	<u>1,154</u>
Interscholastic Programs:			
Salaries	7,157	11,500	4,343
Employee Benefits	14	180	166
Total Interscholastic Programs	<u>7,171</u>	<u>11,680</u>	<u>4,509</u>
Driver's Education Programs:			
Salaries	4,386	4,600	214
Employee Benefits	53	75	22
Total Drivers Education Programs	<u>4,439</u>	<u>4,675</u>	<u>236</u>
Total Instruction	<u>88,452</u>	<u>98,525</u>	<u>10,073</u>
Support Services:			
Support Services - Pupils:			
Guidance Services:			
Salaries	26,991	28,000	1,009
Employee Benefits	626	850	224
Total Guidance Services	<u>27,617</u>	<u>28,850</u>	<u>1,233</u>
Health Services:			
Salaries	24,815	26,000	1,185
Employee Benefits	139	195	56
Total Health Services	<u>24,954</u>	<u>26,195</u>	<u>1,241</u>
Total Support Services-Pupils	<u>52,571</u>	<u>55,045</u>	<u>2,474</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Support Services-General Administration:			
Executive Administration Services:			
Salaries	21,526	22,500	974
Employee Benefits	1,151	1,545	394
Total Executive Administration Services	<u>22,677</u>	<u>24,045</u>	<u>1,368</u>
Claims Paid from Self Insurance Fund:			
Purchased Services	192,577	210,000	17,423
Total Claims Paid from Self Insurance Fund	<u>192,577</u>	<u>210,000</u>	<u>17,423</u>
Risk Management and Claims Services Payments:			
Salaries	1,912	2,000	88
Employee Benefits	65	150	85
Purchased Services	167,040	173,000	5,960
Supplies and Materials	323	2,500	2,177
Total Risk Management and Claims Payments	<u>169,340</u>	<u>177,650</u>	<u>8,310</u>
Total Support Services-General Administration	<u>384,594</u>	<u>411,695</u>	<u>27,101</u>
Support Services-School Administration:			
Office of the Principal Services:			
Salaries	104,768	110,000	5,232
Employee Benefits	5,483	6,000	517
Total Support Services-School Administration	<u>110,251</u>	<u>116,000</u>	<u>5,749</u>
Support Services-Business:			
Operation and Maintenance of Plant Services:			
Salaries	45,997	47,500	1,503
Employee Benefits	317	500	183
Total Operation and Maintenance of Plant Services	<u>46,314</u>	<u>48,000</u>	<u>1,686</u>
Pupil Transportation Services:			
Salaries	10,666	15,000	4,334
Employee Benefits	0	275	275
Total Pupil Transportation Services	<u>10,666</u>	<u>15,275</u>	<u>4,609</u>

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
 STATEMENT OF EXPENDITURES DISBURSED
 BUDGET TO ACTUAL
 TORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Food Services:			
Salaries	7,079	7,500	421
Employee Benefits	146	200	54
Total Food Services	7,225	7,700	475
Total Support Services-Business	64,205	70,975	6,770
Total Supporting Services	611,621	653,715	42,094
Total Direct Disbursements	700,073	752,240	52,167

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
STATEMENT OF EXPENDITURES DISBURSED
BUDGET TO ACTUAL
FIRE PREVENTION AND SAFETY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Actual	Budget	Variance with Budget
Expenditures Disbursed:			
Support Services:			
Support Services-Business:			
Facilities Acquisition & Construction:			
Purchased Services	18,614	25,000	6,386
Supplies and Materials	20,408	25,000	4,592
Capital Outlay	102,935	105,000	2,065
Total Direct Disbursements	141,957	155,000	13,043

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. Principles Used to Determine the Scope of the Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

Component Units

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are, therefore, excluded from the accompanying financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity that would exercise such oversight as to result in the District being considered a component unit of the entity.

B. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District uses the following funds and account groups:

Governmental Funds -

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The Educational Fund includes the Student Activity Funds. These funds are used to account for financial resources used for student programs.

The Operations and Maintenance Fund is used to account for cash received from specific sources (other than those accounted for in the Capital Projects Fund or Fiduciary Funds) that are legally restricted to cash for specified purposes.

The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies (cont'd)

B. Basis of Presentation - Fund Accounting (cont'd)

Governmental Funds - (cont'd)

The Transportation Fund is used to account for cash received from specific sources (other than those accounted for in the Capital Projects Fund or Fiduciary Funds) that are legally restricted to cash for specified purposes.

The Municipal Retirement/Social Security Fund is used to account for cash received from specific sources (other than those accounted for in the Capital Projects Fund or Fiduciary Funds) that are legally restricted to cash for specified purposes.

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Tort Fund accounts for financial resources held by the District to be used for tort immunity and tort judgment purposes.

The Fire Prevention and Safety Fund and the Capital Projects Fund are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

Fiduciary Funds -

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

The Trust Fund (Self-Funded Insurance Plan Fund) is used to account for the District's self-insured employee health plan.

Agency Funds account for assets held by the District as an agent for the students, teachers, and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The net assets available for benefits are shown as a reserve fund balance in these financial statements.

Scholarship Funds account for assets held by the District for the purpose of providing scholarships to District graduates on an annual basis.

Governmental and Expendable Trust Funds - Measurement Focus

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies (cont'd)

B. Basis of Presentation - Fund Accounting (cont'd)

General Fixed Assets and General Long-Term Debt Account Group

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District records purchases of property and equipment and expenditures of various funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes. The District does not have a formal capitalization policy, but does follow grant guidelines when applicable.

No depreciation has been provided on fixed assets in these financial statements. The Illinois State Board of Education's Annual Financial Report (ISBE Form SD50-35/JA50-60) includes depreciation of \$836,358 which has been utilized for the calculation of the per capita tuition charge, and accumulated depreciation totaling \$13,699,848. Depreciation has been computed over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Depreciable Land	50 years
Buildings	
Permanent	50 years
Temporary	20 years
Infrastructure Improvements other than Building	20 years
Capitalized Equipment	3-10 years

Long-term liabilities expected to be financed from Debt Services Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results or operations.

C. Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the account and how they are reported in the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds and long-term notes are included as other financing sources in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies (cont'd)

D. Budgets and Budgetary Accounting

The budget for all Governmental Funds is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17-1 of the Illinois Compiled Statutes. The original budget was passed on September 16, 2020 and was amended on June 23, 2021.

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

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposit (savings) accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of less than 90 days.

F. Investments

Investments are stated at cost or amortized cost, which approximates market. The District, under 30 ILCS 235/2, may legally invest in all securities guaranteed by the full faith and credit of the United States, as well as interest-bearing savings accounts, certificates of deposit, or time deposits constituting direct obligations of banks insured by FDIC and savings and loan associates insured by FSLIC. The District may also invest in short-term obligations of the Federal National Mortgage Association, the Public Treasurer's Investment Pool, and all interest-bearing obligations of the State of Illinois.

G. Inventories

Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

H. Fund Balances

In accordance with Government Accounting Standards, fund balances are classified into five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies (cont'd)

H. Fund Balances (cont'd)

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. As of June 30, 2021, the District did not classify any amounts as nonspendable.

Restricted - The restricted fund balance classification refers to amounts that are subject to outside restrictions not controlled by the entity, such as restrictions imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has certain funds that are, by definition, restricted for specified purposes. These funds consist of the reserved amounts in the Educational Fund as identified in Note #3, the Operations and Maintenance, Debt Services, Transportation, Municipal Retirement/Social Security, Capital Projects, Tort, and the Fire Prevention and Safety funds.

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

The School Board commits fund balance by making motions or passing resolutions to adopt policies or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. As of June 30, 2021, the District did not classify any amounts as committed.

Assigned - The assigned fund balance classification refers to amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the School Board itself by assigning amounts to be used for specific purposes. As of June 30, 2021, the District did not classify any amounts as assigned.

Unassigned - The unassigned fund balance classification is the residual classification for amounts in the general funds (Educational and Working Cash) for amounts that have not been restricted, committed, or assigned to specific purposes within the general funds.

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 District follows the regulatory basis of reporting fund balances under guidelines prescribed by the Illinois State Board of Education, which is a special purpose reporting framework. The regulatory basis reports Reserved and Unreserved fund balance. See Note #3 for more detail.

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #1 - Summary of Significant Accounting Policies (cont'd)

I. Change in Accounting Principle

During the year ended, June 30, 2021, the District implemented Government Accounting Standards Board Statement No. 84 – Fiduciary Activities, as interpreted by the Illinois State Board of Education (ISBE). The new standard changed the definition of Fiduciary Funds, specifically, Student Activity Funds had previously been treated as Agency Funds of the District. Under the new definitions the Student Activity Funds are required to be included in the General Fund (the Educational Fund) of the District. Under the ISBE interpretation in this regulatory basis report, the Student Activity funds are being shown separately within the Educational Fund Statements.

J. Total Memorandum Only

The "Total Memorandum Only" column represents the aggregation (by addition) of the line-item amounts reported for each fund type and account group. No consolidations or other eliminations were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

Note #2 - Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. Taxes are levied in Mercer, Henderson, and Rock Island Counties. The 2020 levy was passed by the board on December 16, 2020. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in June and September. The District receives significant distributions of tax receipts in the months following June and September. The District received \$74,218 from the 2020 tax levy prior to June 30, 2021. The balance of taxes in these statements are from the 2019 and prior tax levies.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum <u>Rate</u>	Actual <u>2020 Rate</u>	Actual <u>2019 Rate</u>	Actual <u>2018 Rate</u>
Educational	2.70000	2.66815	2.69994	2.66564
Operations and Maintenance	0.50000	0.69174	0.69999	0.69112
Transportation	0.20000	0.19771	0.20000	0.19749
Debt Services	None	0.32318	0.34125	0.27615
Municipal Retirement	None	0.13781	0.12272	0.11994
Social Security	None	0.15791	0.22031	0.22098
Tort Immunity	None	0.40192	0.36351	0.35281
Leasing	0.05000	0.04950	0.05000	0.04937
Special Education	0.04000	0.03960	0.04000	0.03958
Fire Prevention and Safety	0.05000	0.04950	0.05000	0.04937
Working Cash	0.05000	<u>0.04950</u>	<u>0.05000</u>	<u>0.04937</u>
Total		<u>4.76652</u>	<u>4.83772</u>	<u>4.71182</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #3 - Regulatory Fund Balances

The District follows the regulatory basis of reporting fund balances under guidelines prescribed by the Illinois State Board of Education, which consists of Reserved and Unreserved Fund Balances. Reserved Fund Balances results when constraints placed on fund balance use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Unreserved Fund Balances consists of fund balance that does not meet the criteria of the preceding category.

The District has the following categories of reserved fund balances:

1. Special Education Levy

Cash receipts and the related cash disbursements of this tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no reserved fund balance.

2. Leasing Levy

Cash disbursed and the related cash receipts of this tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no reserved fund balance. The District did not account for this tax levy in the Operations and Maintenance Fund in the current year; however, it has done so in prior years. Unspent cash receipts from the tax levies of previous years were presented as a reserved balance of \$34,617 in this fund for the current year.

3. Social Security Levy

Cash disbursed and the related cash receipts of this tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a reserved fund balance of \$332,117.

4. School Facility Occupation Tax

Proceeds from the school facility occupation tax have been included in the Debt Service Fund and Capital Projects Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a reserved fund balance of \$54,473 and \$934,080 in the Debt Service and Capital Projects Funds, respectively.

5. Student Activity Funds

The District has Student Activity Funds that are included in the Educational Fund balance. The beginning of the year balance of \$209,299 has been added to the beginning fund balance in the Educational Fund. As of June 30, 2021, net expenditures disbursed exceeded revenues received, resulting in a reserved fund balance of \$191,142.

6. Trust and Agency Funds

The District had various trust accounts for scholarships and memorials during the fiscal year totaling \$125,398. This balance is included in the financial statements as reserved in the Trust and Agency Funds.

Cash received and related cash disbursements from the District's Self-Funded Insurance Fund are accounted for in the Trust and Agency Funds. The Net Asset Available for Benefits in the Self-Funded Insurance Fund at June 30, 2021 was \$817,739. This balance is included in the financial statements as Reserved in the Trust and Agency Funds.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #3 - Regulatory Fund Balances (cont'd)

7. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational, Operations and Maintenance, and Transportation Funds. Revenue received in a prior year exceeded expenditures disbursed for this purpose, resulting in a reserved fund balance of \$10,362 in the Operations and Maintenance Fund.

8. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no reserved fund balance.

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

Note #4 - Deposits and Investments

The District is allowed to invest in securities as authorized by the District's investment policy, Sections 2 and 6 of the Public Funds Investment Act (30 ILCS 235), and Section 8-7 of the School Code of Illinois (105 ILCS 5). These include the following items:

- (1) in bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- (2) in interest-bearing savings accounts, interest-bearing certificates of deposits, interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;
- (3) in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000;
- (4) in money market mutual funds registered under the Investment Company Act of 1940;
- (5) in short term discount obligations of the Federal National Mortgage Association;
- (6) in dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of this State or the laws of the United States and is located within the State of Illinois;
- (7) in a Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act;
- (8) in the Illinois School District Liquid Asset Fund Plus;
- (9) in repurchase agreements of government securities;
- (10) in any investment as authorized by the Public Funds Investment Act, and Acts amendatory thereto.

Custodial Credit Risk Related to Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by securities eligible for District investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating services to include Standard & Poor's, Moody's, or Fitch. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #4 – Deposits and Investments (cont'd)

The District's investment policy states the preferred method for safekeeping of collateral is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

As of June 30, 2021, none of the District's bank balances were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

<u>Investment Type</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Investment in School District Bonds	<u>3,342,400</u>	<u>3,342,400</u>	<u>142,500</u>	<u>2,033,000</u>	<u>1,166,900</u>	<u>0</u>
Total	<u>3,342,400</u>	<u>3,342,400</u>	<u>142,500</u>	<u>2,033,000</u>	<u>1,166,900</u>	<u>0</u>

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. At year end, none of the District's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the District and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the District's name

Credit Risk

The Public Funds Investment Act contained in the Illinois Compiled Statutes limits the types of investments a public agency may purchase. The investment policy adopted by the District does not limit further its investment choices.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The District's investment policy places no limit on the amount the District may invest in any one issuer. As of June 30, 2021, 100% of the District's investments were in School District Bonds.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The District had no foreign currency risk as of June 30, 2021.

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #5 – General Fixed Asset Account Group

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>
Non-Depreciable Land	235,697	0	0	235,697
Permanent Buildings	16,911,576	408,858	0	17,320,434
Improvements Other than Buildings	6,528,397	2,918	0	6,531,315
Capitalized Equipment – 10 Year Equipment	1,480,512	364,110	40,709	1,803,913
Capitalized Equipment – 5 Year Equipment	582,835	0	290,520	292,315
Capitalized Equipment – 3 Year Equipment	4,610	36,820	0	41,430
Construction in Progress	<u>36,000</u>	<u>0</u>	<u>36,000</u>	<u>0</u>
Totals	<u>25,779,627</u>	<u>812,706</u>	<u>367,229</u>	<u>26,225,104</u>

Note #6 – Pension Disclosures

The District contributes to two defined benefit pension plans: the Teachers Retirement System (TRS), and the Illinois Municipal Retirement Fund (IMRF). TRS is administered by the TRS board of trustees and is a cost sharing multiple employer plan. IMRF is administered by IMRF board of trustees and is an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions and employer contributions for both plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The aggregate employer recognized pension expense on a cash basis for the year ended June 30, 2021, was \$273,627.

A. Teacher’s Retirement System of the State of Illinois

Plan description

The employer participates in the Teachers’ Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor’s approval. The TRS Board of Trustees is responsible for the System’s administration. The District employed 138 TRS members during the current fiscal year.

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

Benefits provided

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

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #6 –Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

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

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

Contributions

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

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

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2021, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the pension expense associated with the employer, and the employer recognized revenue and expenditures of \$5,389,239 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021, were calculated to be \$39,326. \$38,403 was actually paid toward this obligation in the current fiscal year.

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

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

For the year ended June 30, 2021, the employer pension contribution was 10.41 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2021, salaries totaling \$154,354 were paid from federal and special trust funds that required employer contributions of \$16,068. \$15,925 of these contributions were actually paid in the current fiscal year.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #6 –Pension Disclosures (cont'd)

A. Teacher's Retirement System of the State of Illinois (cont'd)

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

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2021, the employer paid \$5,354 to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

Pension Expense

For the year ended June 30, 2021, the employer recognized TRS pension expense of \$59,682 on a cash basis under this plan.

B. Illinois Municipal Retirement Fund

Plan Description.

The District's defined benefit pension plan for non-certified employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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, for the plan as a whole, but not for individual employers. That report is available for download at <https://www.imrf.org/en/publications-and-archive/annual-financial-reports>.

Benefits provided.

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

All three IMRF benefit plans have two tiers. Tier 2 benefits are lower than Tier 1, and cost about 40% less to provide. All IMRF members initially hired on or after January 1, 2011, are in Tier 2.

Both the member and the employer contribute toward retirement benefits. Members contribute a percentage of their salary as established by the Pension Code. The percentage depends on the plan in which the member participates. Regular members contribute 4.5%. SLEP and ECO members contribute 7.5%. Members also have the option of making voluntary after-tax contributions up to 10% of their salary. Employer contribution rates are actuarially calculated annually for each employer. Employers pay most of the cost for member and survivor pensions and all of the cost for supplemental retirement, death, and disability benefits. All contributions are pooled for investment purposes.

Since 1982, investment returns account for 65% of IMRF revenue.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #6 – Pension Disclosures (cont'd)

B. Illinois Municipal Retirement Fund (cont'd)

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.

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

Retirees or Beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	67
Active employees	<u>92</u>
Total Members	263

Contributions.

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2020 was 10.68%. The total employer contribution paid for 2020 was \$242,167. The District's contribution rate for the calendar year 2021 is 10.42%. The actual contributions paid during the fiscal year ended June 30, 2021 were \$213,945. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Note #7 – Other Post-Employment Benefits

The District participates in two Post Employment benefit plans Other than Pensions. The two plans are the Teacher's Health Insurance Security (THIS) Fund and their own health insurance plan. All IMRF employers are required by State statutes to allow retirees to continue on their health plans.

A. Teacher Health Insurance Security

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

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #7 – Other Post-Employment Benefits (cont'd)

A. Teacher Health Insurance Security (cont'd)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

On behalf contributions to the THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to cover the actuarial costs to the THIS Fund that are not covered by contributions from active members which were 1.24 percent of pay for the year ended June 30, 2021. State of Illinois contributions were \$58,191, and the employer recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92 percent during the year ended June 30, 2021. For the year ended June 30, 2021, the employer paid \$58,949 to the THIS Fund, which was 94.50 percent of the required contribution.

Further information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISE.asp>). Reports prior to FY2013 are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

B. Post-Retirement Health Care Plan

The District provides post-retirement health care benefits for the retirees and their dependents. All retirees are eligible to continue their health coverage under the District's self-funded health insurance plan. The retirees are responsible for a portion of the entire premium payment to secure coverage. The District finances the plan on a pay-as-you-go basis. The Unfunded Actuarial Liability has not been determined as of June 30, 2021.

Plan Description. The District administers a single-employer defined benefit healthcare plan. The Educational support employees who contribute to IMRF are eligible for post-retirement medical coverage. The plan does not have a trust fund and therefore does not issue a separate publicly available financial report.

Funding Policy. The contribution requirements of the District may be amended by the School Board. Current policy is for the District to pay for post-retirement medical insurance benefits or premiums as they occur. The District requires retirees to contribute 100% of the premium for their desired coverage. The premiums are established for the employee/retiree group, which currently range from \$515 per month for individual coverage to \$2,115 per month for family coverage. Although, with regard to retirees, this amount contains an implied rate subsidy by the District through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #7 – Other Post-Employment Benefits (cont'd)

B. Post-Retirement Health Care Plan (cont'd)

Contributions Made. Because the retiree premium established is paid entirely by retiree contributions, there is no net cash outflow by the District related to these benefits when paid. Therefore, there are no cash-basis expenditures reported by the District in regard to the plan benefits for retirees.

Note #8 – General Long-Term Debt Account Group

Long-term debt at June 30, 2021, is comprised of the following:

Bonded indebtedness –

Bonded indebtedness is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are payable solely from future revenues of the Debt Services Fund which consists principally of property taxes collected by the District and interest earnings.

Bonded indebtedness consists of a Life Safety Bond dated December 1, 2016 in the amount of \$316,900 and a Life Safety and Refunding Bond dated March 8, 2018 in the amount of \$3,342,400.

Capital Leases –

Lease purchase obligations of the District are reflected in the General Long-Term Debt Account Group. In 2018, the District entered into a lease purchase agreement with Kansas State Bank to fund computers. This agreement required an annual payment of \$22,956 which was paid out of the Educational Fund. As of June 30, 2021 the total remaining principal balance was \$21,915.

The following is a summary of long-term debt activity of the District for the year ended June 30, 2021:

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due In Less Than One Year</u>
Bonds									
Life Safety Bonds, 2016	1,700,000	12/1/16	12/1/21	1.00-2.00%	621,500	0	304,600	316,900	316,900
Life Safety & Refunding Bonds, 2018	3,525,200	3/8/18	12/1/27	1.85-3.35%	<u>3,479,800</u>	<u>0</u>	<u>137,400</u>	<u>3,342,400</u>	<u>142,500</u>
Subtotal					<u>4,101,300</u>	<u>0</u>	<u>442,000</u>	<u>3,659,300</u>	<u>459,400</u>
Capital Leases									
Computer Lease, 2018					<u>42,835</u>	<u>0</u>	<u>20,920</u>	<u>21,915</u>	<u>21,915</u>
Subtotal					<u>42,835</u>	<u>0</u>	<u>20,920</u>	<u>21,915</u>	<u>21,915</u>
Total					<u>4,144,135</u>	<u>0</u>	<u>462,920</u>	<u>3,681,215</u>	<u>481,315</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #8 – General Long-Term Debt Account Group (cont'd)

The annual debt service requirements of general obligation bonds and leases are as follows:

	Bonds		Leases		Total	Total	Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal & Interest</u>
2022	459,400	104,381	21,915	1,042	481,315	105,423	586,738
2023	474,700	97,650	0	0	474,700	97,650	572,350
2024	495,900	85,070	0	0	495,900	85,070	580,970
2025	518,900	70,937	0	0	518,900	70,937	589,837
2026	543,500	55,370	0	0	543,500	55,370	598,870
2027	569,500	38,522	0	0	569,500	38,522	608,022
2028	<u>597,400</u>	<u>20,013</u>	<u>0</u>	<u>0</u>	<u>597,400</u>	<u>20,013</u>	<u>617,413</u>
	<u>3,659,300</u>	<u>471,943</u>	<u>21,915</u>	<u>1,042</u>	<u>3,681,215</u>	<u>472,985</u>	<u>4,154,200</u>

Debt Services Fund Balance –

At June 30, 2021, the excess of assets over liabilities of the Debt Services Fund was allocable to the following:

December 1, 2016	87,549
March 8, 2018	<u>60,867</u>
Total	<u>148,416</u>

Legal Debt Limit –

Under Section 5/19-1 of the Illinois School Code, the District is allowed to incur qualifying debt up to 13.8% of its latest equalized assessed value. The equalized assessed value as of January 1, 2020 was \$174,205,833.

Legal Debt Limit	\$24,040,405
Less Qualifying Debt	<u>(3,681,215)</u>
Legal Debt Margin	\$20,359,190

Note #9 - Tax Anticipation Warrants

There were no tax anticipation warrants issued, retired, or outstanding during the fiscal year ended June 30, 2021.

Note #10 - Interfund Loans and Transfers

There were no permanent transfers or interfund loans during the year ended June 30, 2021.

Note #11 - Deficit Fund Balances

As of June 30, 2021, the District had no deficit fund balances.

Note #12 - Disbursements and Transfers in Excess of Budget

The District did not have any disbursements and/or transfers in excess of total budgets for the year ended June 30, 2021.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #13 - Self Insurance Plan

Unemployment Insurance -

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. The District elected to be self-insured, and therefore, is liable to the State for any payments made to an unemployed worker claiming benefits.

Employee Health Insurance -

Effective January 1, 2015, the District implemented a self-administered plan for medical coverage provided to District personnel. BlueCross BlueShield of Illinois, Inc. administers claims for a fixed fee per enrolled employee. The plan is a contributory plan in amounts determinable from time to time by the Plan's insurance committee.

The District carries stop loss insurance to cover individual medical claims in excess of \$65,000. Aggregate stop loss insurance is \$941,651 as of June 30, 2021. Therefore, the plan has not fully protected itself from loss in excess of funds it has set aside in its plan.

The District has established a separate Self-Funded Insurance Plan Fund (Trust Fund) to account for the operation of this self-insurance plan. Outstanding claims are not able to be estimated as of June 30, 2021.

Note #14 - Contingencies

The District has received funding from state and federal grants in the current and prior years that are subject to audits by the granting agencies. The school board believes any adjustments that may arise from these audits will be insignificant to District operations.

Existing and pending lawsuits, claims and other actions in which the District is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of District management, remotely recoverable by plaintiffs.

Note #15 - Commitments

Unpaid Contracts – Employee’s contracts for services rendered during the school year including those electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2021, the total amount of unpaid employee’s contracts for services performed during the year ended June 30, 2021, amounted to \$927,688.

Vacation Pay – Vacation pay is considered to be an expenditure in the year paid. Eligible administrators and support staff receive vacation pay. At June 30, 2021, the estimated unused vacation pay liability is \$2,009.

Sick Pay – Sick pay is considered to be an expenditure in the year paid. Accumulated sick pay benefits are available to eligible employees to use in future years. Sick pay does not vest if not used during the term of employment with the District.

As of June 30, 2021, the District had the following construction commitments:

<u>Contractor</u>	<u>Description</u>	<u>Amount</u>	<u>To Be Paid From</u>
Mechanical Service, Inc.	High School Chiller	\$286,990	Educational
Crawford Company	Welding Classroom Work	\$143,000	Operations & Maintenance Fire Safety

MERCER COUNTY SCHOOL DISTRICT NO. 404
 NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #15 – Commitments (cont'd)

Operating Leases – During the year ended June 30, 2021, the District paid \$188,739 in operating leases from the Transportation Fund and \$64,069 in operating leases from the Educational Fund.

The District has entered into a non-cancelable operating lease agreement with Santander Leasing and Midwest Transit for District buses. The terms of the lease required an annual payment of \$82,125 for two years, followed by payments of \$96,151 for three years, and a final year payment of \$11,578. The lease extends for six years, beginning in July 2020. This lease is paid out of the Transportation Fund.

The District has entered into a non-cancelable operating lease agreement with Santander Leasing and Midwest Transit for a District bus. The terms of the lease required an annual payment of \$20,735 for two years, followed by payments of \$24,856 for two years, and the final two years payments of \$7,621. The lease extends for six years, beginning in July 2020. This lease is paid out of the Transportation Fund.

The District has entered into a non-cancelable operating lease agreement with US Bank for District copiers. The terms of the lease requires monthly payments of \$230 for the term of 5 years, beginning in January 2019. This lease is paid out of the Educational Fund.

The District has entered into a non-cancelable operating lease agreement with US Bank for District copiers. The terms of the lease requires monthly payments of \$5,164 for the term of 6 years, beginning in October 2017. This lease is paid out of the Educational Fund.

The District has entered into a non-cancelable operating lease agreement with Midwest Bus Leasing LLC for District buses. The terms of the lease require one final payment of \$85,879 for this year. The lease began in July 2019. This lease is paid out of the Transportation Fund.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Fund</u>		<u>Total Lease Payments</u>
	<u>Educational</u>	<u>Transportation</u>	
2022	64,726	102,860	167,586
2023	64,726	121,007	185,733
2024	1,611	121,007	122,618
2025	0	103,772	103,772
2026	<u>0</u>	<u>19,199</u>	<u>19,199</u>
Total	<u>131,063</u>	<u>467,845</u>	<u>598,908</u>

Note #16 - Joint Agreements

Along with other area school districts, the District is a member of the Black Hawk Area Special Education District (BHASED) located at 4680 11th St, East Moline, IL 61244. The District is also a member of Quad City Career and Technical Education Consortium (QCCTEC) located at 1275 Avenue of the Cities, East Moline, IL 61244-4100. The District's pupils benefit from programs administered under these joint agreements, and the District benefits from jointly administered grants and programming. The District does not have an equity interest in the joint agreements. The joint agreements are separately audited and are not included in these financial statements. Audited financial statements for these joint agreements may be obtained from the administrative offices as listed above.

During the year, the District made payments of \$508,561 to BHASED for special education services and tuition.

MERCER COUNTY SCHOOL DISTRICT NO. 404
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note #17 – Risk Management – Claims and Judgments

Significant losses are covered by commercial insurance for all major programs: property, liability, and worker's compensation. During the year ended June 30, 2021, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years.

The District is insured under a guaranteed cost plan for worker's compensation coverage. During the year ended June 30, 2021, there were no significant adjustments in premiums based on actual experience.

Note #18 – Termination Benefits

The District's termination benefit plan provides an increase in compensation not to exceed 6% over the prior year's salary for up to three years to qualified employees. As of June 30, 2021, twelve employees have notified the District of their intent to retire. Future payments under this program are estimated to total \$131,465.

Note #19 – Other Receivables

As of June 30, 2021, employees owed the District \$827 for advances made to purchase computer equipment.

Note #20 – COVID-19 Impact

The District is monitoring the global outbreak of the novel coronavirus (COVID-19). During the fiscal year, certain operations of the district were affected by the pandemic. The District received and will continue to receive additional federal funding provided by legislation brought on by the coronavirus. The District believes the ultimate impact of the COVID-19 pandemic is likely to be determined by factors which are uncertain, unpredictable and outside of the District's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially impact the District.

Note #21 – Subsequent Events

The District evaluates events and transactions that occur subsequent to year-end for potential recognition or disclosure in the financial statements through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF REVENUES RECEIVED,
 EXPENDITURES DISBURSED, AND FUND BALANCE
 ALL STUDENT ACTIVITY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	High School Activity Fund	Junior High School Activity Fund	Intermediate School Activity Fund	New Boston Elementary School Activity Fund	Apollo Elementary School Activity Fund	Total
Beginning Activity Fund Balance, July 1, 2020	120,894	50,796	8,244	19,156	10,209	209,299
Revenues Received	109,686	7,679	5,189	6,842	4,435	133,831
Expenditures Disbursed	(111,894)	(21,006)	(7,433)	(4,970)	(5,885)	(151,188)
Ending Activity Fund Balances, June 30, 2021	<u>118,686</u>	<u>37,469</u>	<u>6,000</u>	<u>21,028</u>	<u>8,759</u>	<u>191,942</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 MERCER COUNTY HIGH SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
Activity Tickets	200.00	0.00	0.00	200.00
All Purpose	1,615.05	324.00	1,899.51	39.54
Art Fundraiser	725.94	75.00	391.06	409.88
Athletic Fund	1,616.87	0.00	0.00	1,616.87
Band	840.44	1,308.86	1,981.55	167.75
Baseball	912.52	490.25	490.00	912.77
Bass Fishing Club	342.34	709.00	161.60	889.74
Body Conditioning	227.95	0.00	0.00	227.95
Boys & Girls Golf	263.42	203.00	0.00	466.42
Boys Basketball	1,328.48	4,030.00	2,619.88	2,738.60
Bryant J Luxmore Memorial Fund	0.00	1,000.00	1,000.00	0.00
Business Office	2,066.98	2,799.57	1,975.98	2,890.57
Care Fund	729.77	470.25	702.25	497.77
Cheerleaders	6,580.36	4,150.00	3,616.53	7,113.83
Chorus	1,756.35	0.00	485.96	1,270.39
Class of 2021	1,469.71	0.00	1,469.71	0.00
Class of 2022	1,231.60	510.00	1,444.95	296.65
Class of 2023	0.00	42.64	42.64	0.00
Creative Writing Club	19.01	0.00	0.00	19.01
Cross Country	875.15	1,450.00	1,531.55	793.60
Dick Hogan Band Memorial Fund	584.76	0.00	0.00	584.76
Drama Class/Fall Play	1,313.17	0.00	0.00	1,313.17
Dr Education	1,270.00	80.00	29.99	1,320.01
Faculty Fund/Memorials	136.11	561.00	548.00	149.11
Faculty Lounge	40.83	888.57	878.17	51.23
FCA	1,494.60	150.00	0.00	1,644.60
FFA	3,762.89	20,527.48	18,356.91	5,933.46
FFA (Car Raffle)	1,844.93	12,659.00	3,828.73	10,675.20
FFA (Donated Money for Student Use)	12,840.32	2,807.00	1,000.00	14,647.32
FFA (Section 4 Officers)	3,124.44	4,625.00	5,875.77	1,873.67
FFA (Section 4 Teachers)	955.14	50.00	399.81	605.33
FFA (Torch Mate)	3,076.00	435.50	733.52	2,777.98
Flag Squad	434.69	0.00	0.00	434.69

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 MERCER COUNTY HIGH SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
Football	4,746.71	4,900.00	5,272.35	4,374.36
Girls Basketball	1,563.23	4,310.17	2,049.02	3,824.38
Girls Track	5,035.12	762.00	1,224.49	4,572.63
Guidance Department	259.99	2,767.00	2,699.99	327.00
Hall of Fame	168.01	0.00	0.00	168.01
Jazz Band	649.81	0.00	324.21	325.60
Key Club	2,499.97	352.00	1,539.67	1,312.30
Library	44.29	313.07	204.69	152.67
MCHS Musical	4,664.25	286.00	1,691.83	3,258.42
Music Theory	1,342.55	0.00	104.00	1,238.55
Music Trip	5,572.93	12,393.00	5,300.00	12,665.93
PE Bowling	4,277.72	0.00	2,728.00	1,549.72
Pom Pon Squad	603.33	0.00	0.00	603.33
Scholastic Bowl	1,332.67	50.00	0.00	1,382.67
Softball	2,916.97	9,369.00	8,370.35	3,915.62
Student Council	3,265.33	1,162.80	1,636.59	2,791.54
Track	1,474.34	10.00	213.72	1,270.62
Vending Machine	639.71	3,378.85	3,925.90	92.66
Volleyball	1,769.08	683.74	1,201.23	1,251.59
Wood Shop	5,535.92	5,189.29	7,293.95	3,431.26
Wrestling	2,208.35	0.00	873.96	1,334.39
Yearbook	16,643.66	3,412.64	13,775.79	6,280.51
Total	<u>120,893.76</u>	<u>109,685.68</u>	<u>111,893.81</u>	<u>118,685.63</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 MERCER COUNTY JUNIOR HIGH SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
Art	8.06	69.61	77.67	0.00
Band	7,232.54	822.80	1,739.30	6,316.04
Calculator Orders	575.28	0.00	0.00	575.28
Care Fund	405.60	25.00	0.00	430.60
Chorus	4,938.31	200.70	2,286.23	2,852.78
Sports Fees	125.00	0.00	0.00	125.00
Counselor	120.99	0.00	0.00	120.99
Flower Fund	250.35	0.00	26.81	223.54
General Fund	5,376.92	272.00	5,201.45	447.47
JH Boys Basketball	11.75	0.00	0.00	11.75
JH Girls Basketball	1,550.68	1,131.49	800.00	1,882.17
JH Cheer	2,208.17	229.57	0.00	2,437.74
JH Cross Country	434.89	25.00	255.74	204.15
JH Football	0.61	0.00	0.00	0.61
JH Scholastic Bowl	(78.50)	78.50	0.00	0.00
JH Softball	0.00	470.00	0.00	470.00
JH Student Senate	4,150.78	0.00	603.75	3,547.03
JH Track	1,099.91	0.00	0.00	1,099.91
JH Volleyball	592.69	2,006.00	2,403.70	194.99
JH Wrestling	455.83	0.00	0.00	455.83
LRC/Book Fund	3,168.82	0.00	0.00	3,168.82
Other	0.00	115.04	0.00	115.04
P.E.	1,580.68	0.00	208.00	1,372.68
Prairieland Conference	4,070.46	0.00	108.00	3,962.46
Science	459.17	0.00	156.59	302.58
Student Assistance Team	175.69	0.00	0.00	175.69
Student Awards	127.65	0.00	0.00	127.65
Student Improvement	1,917.36	0.00	1,500.00	417.36
Teacher's Pop Fund	527.46	137.00	32.46	632.00
Technology Fund	17.83	0.00	0.00	17.83
Tournaments	6,244.83	500.00	2,092.32	4,652.51
Vending Machines	1,550.72	479.75	1,226.46	804.01
Yearbook Orders	593.44	943.00	1,419.43	117.01
ZAP Program	(20.49)	20.49	0.00	0.00
Interest Income	923.15	153.24	868.60	207.79
Total	50,796.63	7,679.19	21,006.51	37,469.31

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 MERCER COUNTY INTERMEDIATE SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
5th Grade Science	122.92	0.00	109.11	13.81
Art Fund	2.54	0.00	0.00	2.54
Band Fund	865.32	80.00	0.00	945.32
Care Fund	730.88	0.00	0.00	730.88
Chorus Fund	352.27	1,006.50	998.50	360.27
General Fund	1,026.62	2,534.22	1,835.47	1,725.37
Gift Fund	134.81	0.00	123.65	11.16
Library	818.85	52.94	0.00	871.79
McCaw Memorial Fund	139.48	87.57	0.00	227.05
PBIS	371.02	42.00	159.17	253.85
Pop Fund	1,581.53	1,189.31	2,754.35	16.49
Rewards Fund	3.77	0.00	0.00	3.77
Student Assitsance	478.97	25.00	29.94	474.03
Yearbook	1,615.29	171.00	1,422.96	363.33
Total	<u>8,244.27</u>	<u>5,188.54</u>	<u>7,433.15</u>	<u>5,999.66</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 NEW BOSTON ELEMENTARY SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
Donation	5,630.98	500.00	0.00	6,130.98
Duncan's Scholastic Reader's Program	899.93	4.00	903.45	0.48
General	9,525.31	3,843.40	3,164.25	10,204.46
Library Fund	41.88	1,905.00	0.00	1,946.88
Nurse Grant	1,069.27	0.00	349.20	720.07
Pop Fund	543.95	0.00	0.00	543.95
Sensory Room	160.95	0.00	0.00	160.95
Summer School	832.85	0.00	0.00	832.85
Sunshine Club	450.73	590.00	552.76	487.97
Total	<u>19,155.85</u>	<u>6,842.40</u>	<u>4,969.66</u>	<u>21,028.59</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF FUND BALANCE, REVENUES RECEIVED AND EXPENDITURES DISBURSED
 APOLLO ELEMENTARY SCHOOL ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Activities	Beginning Fund Balance	Revenues Received	Expenditures Disbursed	Ending Fund Balance
4th Grade Science	264.73	0.00	0.00	264.73
Apollo Care Fund	1,896.09	701.80	536.69	2,061.20
Art Fund	1,226.00	0.00	0.00	1,226.00
Butterfly Garden Fund	3.99	0.00	0.00	3.99
Flower Fund	663.68	200.00	548.85	314.83
Library Fund	719.90	99.11	0.00	819.01
Music Fund	741.45	502.50	587.79	656.16
PBIS-Principal Fund	2,601.79	2,802.00	3,766.41	1,637.38
Pencil Fund	377.29	0.00	0.00	377.29
Pop Fund	504.13	129.52	444.78	188.87
Sensory Room	773.00	0.00	0.00	773.00
Maker Space	436.81	0.00	0.00	436.81
Total	<u>10,208.86</u>	<u>4,434.93</u>	<u>5,884.52</u>	<u>8,759.27</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, FUND BALANCE
 AND OTHER CREDITS ARISING FROM CASH TRANSACTIONS
 ALL TRUST AND AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Self-Funded Insurance Plan Fund	Scholarship Funds	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	817,739	125,398	943,137
Total Assets	817,739	125,398	943,137
 <u>LIABILITIES</u>			
Total Liabilities	0	0	0
 <u>FUND BALANCE AND OTHER CREDITS</u>			
Net Assets Available for Benefits-Reserved Fund Balance	817,739	125,398	943,137
Total-Reserved Fund Balance	817,739	125,398	943,137
<u>TOTAL LIABILITIES, FUND BALANCE, AND OTHER CREDITS</u>	817,739	125,398	943,137

MERCER COUNTY SCHOOL DISTRICT NO. 404
 SCHEDULE OF REVENUE RECEIVED, EXPENDITURES DISBURSED AND
 CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS-
 FIDUCIARY FUND TYPE - TRUST FUND
 SELF-FUNDED INSURANCE PLAN FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Additions:		
Contributions	1,191,210.89	
Interest	11,024.93	
Total Additions		1,202,235.82
Deductions:		
Benefits Paid	1,294,333.88	
Total Deductions		1,294,333.88
Change in Net Assets		(92,098.06)
Net Assets Available for Benefits, July 1, 2020		909,836.71
Net Assets Available for Benefits, June 30, 2021		817,738.65

MERCER COUNTY SCHOOL DISTRICT NO. 404
SCHEDULE OF CHANGES IN ASSETS, LIABILITIES, AND FUND BALANCE
SCHOLARSHIP FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	126,723.71	10,168.60	11,494.26	125,398.05
Total Assets	<u>126,723.71</u>	<u>10,168.60</u>	<u>11,494.26</u>	<u>125,398.05</u>
<u>LIABILITIES (Due to other Organizations)</u>				
Total Liabilities (Due to other Organizations)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>FUND BALANCE AND OTHER CREDITS</u>				
ABC Scholarship	44,523.97	1,159.48	1,134.56	44,548.89
Connie Sue Smith Scholarship	26,858.05	0.00	723.43	26,134.62
DeVry Scholarship	0.00	8,000.00	0.00	8,000.00
McMeekin Scholarship	44,609.70	1,009.12	9,200.00	36,418.82
McKinney Memorial	<u>10,731.99</u>	<u>0.00</u>	<u>436.27</u>	<u>10,295.72</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>126,723.71</u>	<u>10,168.60</u>	<u>11,494.26</u>	<u>125,398.05</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
SCHEDULE OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE BEFORE ADVANCE TAXES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Educational	Operations and Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety	Total (Memorandum Only)
Revenue Received Before Advance Taxes:										
Local Sources										
Real Estate Taxes (1)	4,542,273	1,139,647	555,500	325,618	558,487		81,405	591,819	81,405	7,876,154
Other Local Revenue	1,211,146	256,180	8,053	195,242	34,209	370,520	4,399	77,476	20,433	2,177,658
Evidence Based Funding	3,829,750									3,829,750
Other State Sources	337,927			492,398						830,325
Federal Sources	1,635,456									1,635,456
Total Direct Receipts	11,556,552	1,395,827	563,553	1,013,258	592,696	370,520	85,804	669,295	101,838	16,349,343
Expenditures Disbursed:										
Instruction	8,175,634				189,930			88,452		8,454,016
Support Services	2,888,118	1,222,991		1,094,192	283,245			611,621	141,957	6,242,124
Community Services	597									597
Payments to Other Governmental Units	514,761									514,761
Debt Services			555,459							555,459
Total Direct Disbursements	11,579,110	1,222,991	555,459	1,094,192	473,175	0	0	700,073	141,957	15,766,957
Excess of Receipts Over (Under) Disbursements	(22,558)	172,836	8,094	(80,934)	119,521	370,520	85,804	(30,778)	(40,119)	582,386
Other Sources (Uses):										
Other Sources	0	0	0	46,400	0	0	0	0	0	46,400
Total Other Sources (Uses)	0	0	0	46,400	0	0	0	0	0	46,400
Excess of Receipts Over (Under) Disbursements and Other Sources (Uses)	(22,558)	172,836	8,094	(34,534)	119,521	370,520	85,804	(30,778)	(40,119)	628,786
Fund Balance Before Advanced Taxes, July 1, 2020	2,146,188	2,250,327	135,290	865,512	642,957	734,546	1,948,647	679,783	1,248,618	10,651,868
Fund Balance Before Advanced Taxes, June 30, 2021	2,123,630	2,423,163	143,384	830,978	762,478	1,105,066	2,034,451	649,005	1,208,499	11,280,654
Advanced Taxes Received Prior to June 30, 2021	42,932	10,771	5,032	3,078	4,605	0	771	6,258	771	74,218
Fund Balance After Advanced Taxes, June 30, 2021	2,166,562	2,433,934	148,416	834,056	767,083	1,105,066	2,035,222	655,263	1,209,270	11,354,872

(1) Real Estate Receipts have been reduced by the 2020 Levy received prior to June 30, 2021, and increased by the 2019 Levy received prior to June 30, 2020.

MERCER COUNTY SCHOOL DISTRICT NO. 404
SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2021

Health/Life Safety School Bonds, Series 2016

Dated: May 24, 2016

Interest Due: December 1 and June 1

Due Date	Interest Rate	Principal December 1	Interest		Total
			December 1	June 1	
2021-22	2.00%	316,900	3,169		320,069
Totals		<u>316,900</u>	<u>3,169</u>	<u>0</u>	<u>320,069</u>

Health/Life Safety/Refunding School Bonds, Series 2018

Dated: March 8, 2018

Interest Due: December 1

Due Date	Interest Rate	Principal December 1	Interest December 1	Total
2022-23	2.65%	474,700	97,650	572,350
2023-24	2.85%	495,900	85,070	580,970
2024-25	3.00%	518,900	70,937	589,837
2025-26	3.10%	543,500	55,370	598,870
2026-27	3.25%	569,500	38,522	608,022
2027-28	3.35%	597,400	20,013	617,413
Totals		<u>3,342,400</u>	<u>468,774</u>	<u>3,811,174</u>

MERCER COUNTY SCHOOL DISTRICT NO. 404
SCHEDULE OF TAXES EXTENDED AND COLLECTED
JUNE 30, 2021

	<u>Educational Levy</u>	<u>Special Education Levy</u>	<u>Leasing Levy</u>	<u>Operation & Maintenance Levy</u>	<u>Debt Services Levy</u>	<u>Trans- portation Levy</u>	<u>Municipal Retirement Levy</u>	<u>Social Security Levy</u>	<u>Working Cash Levy</u>	<u>Tort Immunity Levy</u>	<u>Fire Safety Levy</u>	<u>Total All Levies</u>	
<u>2018 Levy</u>													
Assessed Valuation	158,339,645												
Tax Rate per \$100.00	<u>2.66564</u>	<u>0.03958</u>	<u>0.04937</u>	<u>0.69112</u>	<u>0.27615</u>	<u>0.19749</u>	<u>0.11994</u>	<u>0.22098</u>	<u>0.04937</u>	<u>0.35281</u>	<u>0.04937</u>	<u>4.71182</u>	
Taxes Extended	<u>4,220,765</u>	<u>62,671</u>	<u>78,172</u>	<u>1,094,317</u>	<u>437,255</u>	<u>312,705</u>	<u>189,913</u>	<u>349,899</u>	<u>78,172</u>	<u>558,638</u>	<u>78,172</u>	<u>7,460,679</u>	
Taxes Collected	97.77%	<u>4,126,440</u>	<u>61,270</u>	<u>76,425</u>	<u>1,069,861</u>	<u>427,485</u>	<u>305,717</u>	<u>185,668</u>	<u>342,079</u>	<u>76,425</u>	<u>546,154</u>	<u>76,425</u>	<u>7,293,949</u>
<u>2019 Levy</u>													
Assessed Valuation	164,057,160												
Tax Rate per \$100.00	<u>2.69994</u>	<u>0.04000</u>	<u>0.05000</u>	<u>0.69999</u>	<u>0.34125</u>	<u>0.20000</u>	<u>0.12272</u>	<u>0.22031</u>	<u>0.05000</u>	<u>0.36351</u>	<u>0.05000</u>	<u>4.83772</u>	
Taxes Extended	<u>4,429,445</u>	<u>65,623</u>	<u>82,029</u>	<u>1,148,384</u>	<u>559,845</u>	<u>328,114</u>	<u>201,331</u>	<u>361,434</u>	<u>82,029</u>	<u>596,364</u>	<u>82,029</u>	<u>7,936,627</u>	
Advance Taxes Received Prior to June 30, 2020	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes received July 1, 2020 thru June 30, 2021	<u>4,391,985</u>	<u>65,068</u>	<u>81,335</u>	<u>1,138,672</u>	<u>555,110</u>	<u>325,339</u>	<u>199,628</u>	<u>358,378</u>	<u>81,335</u>	<u>591,321</u>	<u>81,335</u>	<u>7,869,506</u>	
Taxes Collected	99.15%	<u>4,391,985</u>	<u>65,068</u>	<u>81,335</u>	<u>1,138,672</u>	<u>555,110</u>	<u>325,339</u>	<u>199,628</u>	<u>358,378</u>	<u>81,335</u>	<u>591,321</u>	<u>81,335</u>	<u>7,869,506</u>
<u>2020 Levy</u>													
Assessed Valuation	174,205,833												
Tax Rate per \$100.00	<u>2.66815</u>	<u>0.03960</u>	<u>0.04950</u>	<u>0.69174</u>	<u>0.32318</u>	<u>0.19771</u>	<u>0.13781</u>	<u>0.15791</u>	<u>0.04950</u>	<u>0.40192</u>	<u>0.04950</u>	<u>4.76652</u>	
Taxes Extended	<u>4,648,073</u>	<u>68,986</u>	<u>86,232</u>	<u>1,205,051</u>	<u>562,998</u>	<u>344,422</u>	<u>240,073</u>	<u>275,088</u>	<u>86,232</u>	<u>700,168</u>	<u>86,232</u>	<u>8,303,555</u>	
Advance Taxes Received Prior to June 30, 2021	<u>41,544</u>	<u>617</u>	<u>771</u>	<u>10,771</u>	<u>5,032</u>	<u>3,078</u>	<u>2,146</u>	<u>2,459</u>	<u>771</u>	<u>6,258</u>	<u>771</u>	<u>74,218</u>	
Taxes Receivable	<u>4,606,529</u>	<u>68,369</u>	<u>85,461</u>	<u>1,194,280</u>	<u>557,966</u>	<u>341,344</u>	<u>237,927</u>	<u>272,629</u>	<u>85,461</u>	<u>693,910</u>	<u>85,461</u>	<u>8,229,337</u>	

Mercer County School District No. 404
33-066-4040-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2021- 001 2. THIS FINDING IS: New Repeat from Prior Year?
Year originally reported? 2011

3. Criteria or specific requirement

AU-C 265 has prescribed definitions for significant deficiencies and material weaknesses in an entity's internal control structure. Internal controls are designed to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements and safeguard assets. A concept in a good system of internal control is adequate segregation of duties.

4. Condition

A limited number of key employees have the primary responsibility for performing most of the accounting and financial duties including key functions of recording, reconciling, and reporting cash transactions. This structure reduces certain aspects of the internal control system which rely on adequate segregation of duties

5. Context¹²

All District accounting and financial records are maintained by a limited number of employees.

6. Effect

One individual has the ability to complete and record accounting functions which ideally would be segregated to allow for a more controlled system of checks and balances.

7. Cause

Limited funding currently precludes the hiring of additional staff.

8. Recommendation

Segregation of duties is normally difficult to accomplish within a small governmental entity. Management should be ever mindful of areas that could be improved including, but not limited to, hiring additional personnel.

9. Management's response¹³

Currently, the District relies on management oversight and budgetary controls to help mitigate the effects of a limited number of accounting personnel. The District will review the internal control system annually and when the benefits of hiring additional personnel can be realized on a cost effect basis, the District will pursue this option.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2021 would be assigned a reference number of 2021-001, 2021-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.)

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.



Mercer County School District #404

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Mercer County School District No. 404

33-066-4040-26

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹

Year Ending June 30, 2021

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2020-001	Inadequate Segregation of Duties	Unresolved - See Finding 2021-001 The District reviewed the prior year finding and decided that the cost of hiring new staff to relieve duties outweighed the benefits.
2020-002	The treasurer's bond did not cover 25% of the highest available cash and investment balance during the year.	Resolved.

When possible, all prior findings should be on the same page

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

OTHER INFORMATION



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Mercer County School District No. 404
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
33-066-4040-26
Year Ending June 30, 2021

Corrective Action Plan

Finding No.: **2021- 001**

Condition:

A limited number of employees have the primary responsibility for performing most of the accounting and financial duties including key functions of recording, reconciling, and reporting cash transactions. This structure reduces certain aspects of the internal control system which rely on adequate segregation of duties

Plan:

An annual review of assigned duties, staffing needs and resources available will be conducted.

Anticipated Date of Completion: June 30, 2022

Name of Contact Person: Scott Petrie , Superintendent

Management Response: None required

²¹ Must address **each** audit finding - §200.511 (c)