

**WESCLIN COMMUNITY UNIT SCHOOL  
DISTRICT NO. 3  
TRENTON, ILLINOIS**

**ILLINOIS SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2022**

**WESCLIN COMMUNITY UNIT SCHOOL  
DISTRICT NO. 3  
TRENTON, ILLINOIS**

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**WESCLIN COMMUNITY UNIT SCHOOL  
DISTRICT NO. 3  
TRENTON, ILLINOIS**

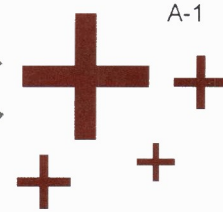
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# RICE SULLIVAN, LLC

Certified Public Accountants



## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Wesclin Community Unit School District No. 3  
Trenton, Illinois

### Opinions

We have audited the accompanying financial statements of the Wesclin Community Unit School District No. 3, which comprise the Statement of Assets and Liabilities Arising From Cash Transactions/Statement of Position, Statement of Revenues Received/Revenues, Expenditures Disbursed/Expenditures, Other Sources (Uses) and Changes in Fund Balance, Statement of Revenues Received/Revenues, and Statement of Expenditures Disbursed/Expenditures, Budget to Actual as of and for the year ended June 30, 2022, and the related notes to the financial statements.

### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Wesclin Community Unit School District No. 3, as of June 30, 2022, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions of Illinois State Board of Education as described in Note 1.

### 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 section of our report, 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 Wesclin Community Unit School District No. 3, as of June 30, 2022, or changes in net position, or cash flows thereof for the year then ended.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wesclin Community Unit School District No. 3, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by Wesclin Community Unit School District No. 3, on the basis of the financial reporting provisions of 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 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 and pervasive.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in fiscal year 2022, the School District adopted a new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management 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 Illinois State Board of Education. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wesclin Community Unit School District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wesclin Community Unit School District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wesclin Community Unit School District No. 3's ability to continue as a going concern for a reasonable period of time.

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

**Other Matters***Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wesclin Community Unit School District No. 3's financial statements. The GATA information, cover page, auditor's questionnaire, financial profile information, supplementary schedules, statistical section (except for the average daily attendance figure included in the computation of operating expense per pupil on page 38 and the per capita tuition charge on page 39 and the indirect cost rate schedules), itemization schedule and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GATA information, cover page, auditor's questionnaire, financial profile information, supplementary schedules, statistical section (except for the average daily attendance figure included in the computation of operating expense per pupil on page 38 and the per capita tuition charge on page 39 and the indirect cost rate schedules), itemization schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the GASB Statement No. 68 Schedules for Illinois Teachers' Retirement System and Illinois Municipal Retirement Fund, GASB Statement No. 75 Schedules for Teachers' Health Insurance Security Fund, estimated financial profile summary, average daily attendance figure included in the computation of operating expense per pupil on page 38 and the per capita tuition charge on page 39, indirect cost rate schedules, report on shared services or outsourcing, administrative cost worksheet, reference page, notes, opinion letters, etc. page and deficit reduction calculation but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by *Government Auditing Standards***

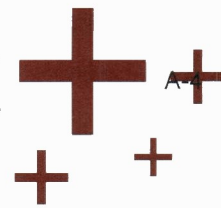
In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of Wesclin Community Unit School District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wesclin Community Unit School District No. 3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wesclin Community Unit School District No. 3's internal control over financial reporting and compliance.

RICE SULLIVAN, LLC

Swansea, Illinois  
November 21, 2022

# RICE SULLIVAN, LLC

Certified Public Accountants



**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 of  
Wesclin Community Unit School District No. 3  
Trenton, 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, Statement of Assets and Liabilities Arising From Cash Transactions/Statement of Position, Statement of Revenues Received/Revenues, Expenditures Disbursed/Expenditures, Other Sources (Uses) and Changes in Fund Balance, Statement of Revenues Received/Revenues, and Statement of Expenditures Disbursed/Expenditures, Budget to Actual of Wesclin Community Unit School District No. 3, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Wesclin Community Unit School District No. 3's financial statements, and have issued our report thereon dated November 21, 2022.

As described in Note 1, the financial statements are prepared by Wesclin Community Unit School District No. 3 on the basis of the financial reporting provisions of 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 Illinois State Board of Education. The effect 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 reasonable determined, are presumed to be material and pervasive. Therefore, we have issued an adverse opinion in regards to U.S. Generally Accepted Accounting Principles but have issued an unmodified opinion on regulatory basis of accounting.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wesclin Community Unit School District No. 3'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 Wesclin Community Unit School District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Wesclin Community Unit School District No. 3's internal control.

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

Swansea Location:  
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618-233-0186

Altamont Location:  
703 S. Main St.  
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618-483-9137

Ellisville Location:  
226 Clarkson Rd.  
Ellisville, MO 63011  
636-386-1040

DuQuoin Location:  
105 E. Main St.  
DuQuoin, IL 62832  
618-542-4747

Nashville Location:  
1191 W. St. Louis St.  
Nashville, IL 62263  
618-327-4375

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

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wesclin Community Unit School District No. 3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

#### **Wesclin Community Unit School District No. 3's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Wesclin Community Unit School District No. 3's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Wesclin Community Unit School District No. 3's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **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.

RICE SULLIVAN, LLC

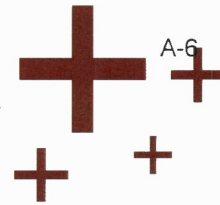
Swansea, Illinois  
November 21, 2022



# RICE SULLIVAN, LLC

Certified Public Accountants

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



To the Board of Education of  
Wesclin Community Unit School District No. 3  
Trenton, Illinois

## **Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited Wesclin Community Unit School District No. 3's compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wesclin Community Unit School District No. 3's major federal programs for the year ended June 30, 2022. Wesclin Community Unit School District No. 3's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wesclin Community Unit School District No. 3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wesclin Community Unit School District No. 3 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wesclin Community Unit School District No. 3's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Wesclin Community Unit School District No. 3's federal programs.

### ***Auditors Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wesclin Community Unit School District No. 3's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wesclin Community Unit School District No. 3's compliance with the requirements of each major federal program as a whole.

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DuQuoin, IL 62832  
618-542-4747

Nashville Location:  
1191 W. St. Louis St.  
Nashville, IL 62263  
618-327-4375

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wesclin Community Unit School District No. 3's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wesclin Community Unit School District No. 3's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Wesclin Community Unit School District No. 3's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RICE SULLIVAN, LLC

Swansea, Illinois  
November 21, 2022

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>
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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**

Wesclin Community Unity School District No. 3's (District's) reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

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 include, but are 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.

The District has determined that no other outside agency or joint agreement meets the above criteria and, therefore, no other agency or joint agreement has been included as a component unit in the District's financial statements.

The District is a member of Belleville Area Special Services Cooperative (BASSC), and St. Clair County SWIC Regional Vocational System, along with other area school districts. The District's pupils benefit from programs administered under these joint agreements, and the District benefits from jointly administered programming. The District does not have an equity interest in these joint agreements. The joint agreements are separately audited and are not included in these financial statements. Financial information may be obtained directly from BASSC at 2411 Pathways Crossing, Belleville, Illinois 62220 and St. Clair County SWIC Regional Vocational System, 1000 South Illinois Street, Belleville, Illinois 62220.

**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. 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 following fund types and account groups are used by the District:

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**B. Basis of Presentation - Fund Accounting (Continued)**

Governmental Fund Types

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.

General Fund – The General 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 District's general fund consists of four accounts: the Educational Account, which records direct costs of instruction and administration, the Tort Immunity Account, which records direct costs of liability insurance, the Operations and Maintenance Account, which reports all costs of maintaining, improving, or repairing school buildings and property, and the Working Cash Account, which maintains financial resources held by the District to be used for temporary interfund loans to other funds.

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue resources requiring separate accounting because of legal or regulatory provisions or administrative action. The following represents the District's special revenue funds:

Transportation Fund – The Transportation Fund accounts for the transportation of pupils to and from school.

Illinois Municipal Retirement Fund – The Municipal Retirement Fund accounts for the District's share of social security and retirement benefit costs for employees.

Capital Projects Fund – The Capital Projects Fund is used to account for the accumulation of resources for the acquisition or construction of major capital facilities. The District's Capital Projects fund is the Fire Prevention and Safety Fund which is used for the purpose of altering, reconstructing, and repairing the existing school buildings of the District.

Fiduciary Fund Types

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 District has no fiduciary funds.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

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 expenditures 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.

General Fixed Assets and Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

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 market value on the date donated. The District does not have a formal capitalization policy but follows grant guidelines when applicable.

Depreciation is computed for informational purposes, by the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Land Improvements	20
Equipment	10

Depreciation accounting is not considered applicable (except to determine the per capita tuition charges of which \$1,064,310 of depreciation expense was allowable).

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**B. Basis of Presentation - Fund Accounting (Continued)**

General Fixed Assets and Long-Term Debt Account Groups (Continued)

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sale of bonds are included as receipts in the appropriate fund on the date received.

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 of operations.

**C. Basis of Accounting**

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on 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 are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

**D. Budgets and Budgetary Accounting**

The budget for all Governmental Fund Types and the Working Cash Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes. The original budget was adopted on September 20, 2021 and amended on June 20, 2022.

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 does not utilize an encumbrance system.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**D. Budgets and Budgetary Accounting (Continued)**

The District follows these procedures in establishing the budgetary data reflected in 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 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. Investments**

Investments are stated at cost or amortized cost, which approximates market value. Gains or losses on sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

**F. Inventory**

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. The District maintains records of supply inventories; however, the cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

**G. Compensated Absences**

District employees are entitled to annual vacation leave and sick leave based on their length of employment and contracts.

WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Interfund Transactions

The District has the following types of interfund transactions:

**Interfund Loans** – amounts provided with a requirement for repayment, which are reported as due from other funds in lender funds and due to other funds in borrower funds. As of year-end, all interfund loans were repaid.

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

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

J. Accounting Pronouncement Implemented– Change in Accounting Principle

In June 2017, the Governmental Accounting Standards Board issued statement No. 87, *Leases*. This Statement improves information needs of financial statement users by improving accounting and financial reporting for leases by governments. This standard was implemented July 1, 2021.



**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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. The 2021 levy was passed by the Board on December 13, 2021. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in July 2022 and September 2022. The District receives significant distributions of tax receipts shortly after these two installment dates. Taxes recorded in these financial statements are from the 2020 and prior tax levies.

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation:

	Limit	Actual	
		2021 Levy	2020 Levy
Educational	2.24000	2.2400	2.2400
Operations and Maintenance	.50000	.5000	.5000
Bond and Interest	As Needed	.5159	.5293
Transportation	.20000	.2000	.2000
Municipal Retirement	As Needed	.1225	.1396
Social Security	As Needed	.1317	.1332
Working Cash	.05000	.0500	.0500
Facility Lease	.05000	.0500	.0500
Tort Immunity	As Needed	.4471	.4709
Fire Prevention and Safety	.05000	.0500	.0500
Special Education	.04000	.0400	.0400
Total		4.3472	4.4030

**Note 3. FUND BALANCE REPORTING**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the District all such items are expensed at the time of purchase, so there is nothing to report for this classification.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 3. FUND BALANCE REPORTING (Continued)</b>
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B. Restricted Fund Balance

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

1. *Federal and State Programs*

Proceeds from Federal and State programs and the related expenditures have been included in the Educational Fund, Operations and Maintenance Fund, and Transportation Fund. At June 30, 2022, cumulative disbursements of Federal and State program funds exceeded cumulative receipts, resulting in no restricted fund balance.

2. *Student Activity*

Cash receipts and the related cash disbursements of this restricted activity are accounted for in the Educational Fund. The excess of the cumulative receipts over cumulative disbursements is restricted for future student activity disbursements, resulting in a restricted fund balance of \$165,911.

This balance is included in the financial statements as reserved in the Educational Fund.

3. *Tort Immunity*

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Tort Fund. The excess of the cumulative receipts over cumulative disbursements is restricted for future tort immunity disbursements, resulting in a restricted fund balance of \$109,770.

This balance is included in the financial statements as reserved in the Tort Fund.

A portion of Tort expenditures include salary expenditures of the District. Currently, the validity of this type of expenditure for risk management purposes has been challenged in various litigation around the state. The District believes they are in compliance with the standards established by the Second Appellate Court; however, it is possible that these expenditures may be challenged.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 3. FUND BALANCE REPORTING (Continued)</b>
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B. Restricted Fund Balance (Continued)

4. *Special Education*

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Cumulative disbursements of this special tax levy exceed cumulative receipts, resulting in no restricted fund balance.

5. *Facility Lease*

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund and the Operations and Maintenance Fund. A portion, \$319,713 and \$22,994 respectively of these funds' equities represent the excess of the cumulative receipts over cumulative disbursements which is restricted for future facility leasing disbursements.

This balance is included in the financial statements as reserved in the Educational Fund and the Operations and Maintenance Fund.

6. *Fire Prevention and Safety*

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Fire Prevention and Safety Fund. All of this fund's equity of \$461,881 represents the excess of cumulative receipts over cumulative disbursements which is restricted for future fire prevention and safety project disbursements in accordance with Section 17-2.11 of the School Code. This balance is included in the financial statements as reserved in the Fire Prevention and Safety Fund.

7. *Social Security*

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a related restricted fund balance of \$249,422. This balance is included in the financial statements as unreserved in the Municipal Retirement/Social Security Fund.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 3. FUND BALANCE REPORTING (Continued)</b>
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B. Restricted Fund Balance (Continued)

8. *Transportation Costs*

Cash receipts and the related cash disbursements of this restricted tax levy and state grants are accounted for in the Transportation Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a related restricted fund balance of \$398,404. This balance is included in the financial statements as unreserved in the Transportation Fund.

C. Committed Fund Balance

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

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

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2022, the total amount of unpaid contracts for services performed during the fiscal year amounted to \$1,129,063. This amount is shown as unreserved in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 3. FUND BALANCE REPORTING (Continued)**

**E. Unassigned Fund Balance**

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, and Working Cash Funds.

**F. Regulatory – Fund Balance Definition**

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

**G. Reconciliation of Fund Balance Reporting**

The first five columns of the following table represent Fund Balance Reporting according to U.S. generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

**Generally Accepted Accounting Principles**

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
Educational	0	485,624	1,129,063	0	(234,661)
Operations and Maintenance	0	22,994	0	0	245,271
Debt Services	0	2,934	0	0	0
Transportation	0	398,404	0	0	0
Municipal Retirement	0	249,422	0	0	0
Capital Projects	0	0	0	0	0
Working Cash	0	0	0	0	1,415,062
Tort Liability	0	109,770	0	0	0
Fire Prevention and Safety	0	461,881	0	0	0

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 3. FUND BALANCE REPORTING (Continued)**

G. Reconciliation of Fund Balance Reporting (Continued)

Fund	Regulatory Basis	
	Financial Statements - Reserved	Financial Statements - Unreserved
Educational	485,624	894,402
Operations and Maintenance	22,994	245,271
Debt Services	0	2,934
Transportation	0	398,404
Municipal Retirement	0	249,422
Capital Projects	0	0
Working Cash	0	1,415,062
Tort Liability	109,770	0
Fire Prevention and Safety	461,881	0

H. Expenditures of Fund Balance

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

**Note 4. DEPOSITS AND INVESTMENTS**

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

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.

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-

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 4. DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk Related to Deposits with Financial Institutions (Continued)

party custodian. Safekeeping practices should qualify for the Governmental Accountability Standards Board's Statement III, Category I, the highest recognized safekeeping procedures.

As of June 30, 2022, none of the District's deposits were exposed to custodial credit risk.

Deposits

At June 30, 2022 the carrying amount of the District's deposits which includes demand deposits and money market deposits is \$4,285,414 excluding \$350 in petty cash held at the District. The bank balance is \$4,602,393.

The District's banks grant an exclusive security interest in Federal agency and Illinois county securities. At June 30, 2022, the securities par values and market values are \$17,525,000 and \$7,051,722, respectively.

Reconciliation

A reconciliation of deposits and investments as shown on the Statement of Assets and Liabilities Arising from Cash Transactions is as follows:

Carrying Amount of Deposits	\$	4,285,414
Carrying Amount of Investments		-0-
Petty Cash		350
Total	\$	4,285,764
Cash	\$	494,107
Investments		3,791,657
Total	\$	4,285,764

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 5. CHANGES IN GENERAL FIXED ASSETS**

A summary of fixed assets included in the General Fixed Assets Account Group at June 30, 2022 is as follows:

	Balances July 1, 2021	Additions	Deletions	Balances June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 509,337	\$ -0-	\$ -0-	\$ 509,337
Construction in Progress	<u>84,169</u>	<u>-0-</u>	<u>84,169</u>	<u>-0-</u>
Total Capital Assets, Not Being Depreciated	<u>593,506</u>	<u>-0-</u>	<u>84,169</u>	<u>509,337</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,281,720	-0-	-0-	1,281,720
Buildings and Improvements	36,624,842	449,576	-0-	37,074,418
Equipment	<u>5,208,046</u>	<u>496,844</u>	<u>-0-</u>	<u>5,704,890</u>
Total Capital Assets, Being Depreciated	<u>43,114,608</u>	<u>946,420</u>	<u>-0-</u>	<u>44,061,028</u>
Less: Accumulated depreciation:				
Land Improvements	728,025	48,392	-0-	776,417
Buildings and Improvements	7,762,653	737,226	-0-	8,499,879
Equipment	<u>4,251,495</u>	<u>278,692</u>	<u>-0-</u>	<u>4,530,187</u>
Total Accumulated Depreciation	<u>12,742,173</u>	<u>1,064,310</u>	<u>-0-</u>	<u>13,806,483</u>
Total Capital Assets, Being Depreciated, Net	<u>30,372,435</u>	<u>(117,890)</u>	<u>-0-</u>	<u>30,254,545</u>
Fixed Assets, Net	<u>\$ 30,965,941</u>	<u>\$ (117,890)</u>	<u>\$ 84,169</u>	<u>\$ 30,763,882</u>



**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 6. RETIREMENT FUND COMMITMENTS</b>
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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, 2022 was \$296,037.

A. Teachers' 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.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2021>; 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 I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service.

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 last four. Disability provisions for Tier 2 are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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<b>Note 6. RETIREMENT FUND COMMITMENTS (Continued)</b>
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A. Teachers' Retirement System of the State of Illinois (Continued)

**Benefits Provided (Continued)**

Essentially all Tier I retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 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. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and 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, 2022, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability (NPL) associated with the employer, and the employer recognized revenue and expenditures of \$3,773,660 in pension contributions from the State of Illinois.

WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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Note 6. RETIREMENT FUND COMMITMENTS (Continued)

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

**Contributions (Continued)**

- **2.2 formula contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2022 were \$43,054, and are deferred because they were paid after the June 30, 2021 measurement date.
- **Federal and special trust fund contributions.** When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2022, the employer pension contribution was 10.31 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2022, salaries totaling \$318,470 were paid from federal and special trust funds that required employer contributions of \$32,834. These contributions are deferred because they were paid after the June 30, 2021 measurement date.

- **Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate 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, 2022, the employer paid \$83 to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of normal annual allotment.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

<b>Note 6. RETIREMENT FUND COMMITMENTS (Continued)</b>
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A. Teachers' Retirement System of the State of Illinois (Continued)

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

At June 30, 2021, the employer's proportionate share of the net pension liability (first amount shown below) reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The employer's proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer follows below:

Employer's proportionate share of the net pension liability	\$ 627,751
State's proportionate share of the net pension liability associated with the employer	<u>52,612,181</u>
Total	<u>\$ 53,239,932</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2021, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2021, the employer's proportion was 0.0008 percent, which was no change from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the employer recognized pension expense of \$3,773,660 and revenue of \$3,773,660 for support provided by the state. Deferred outflows of resources and deferred inflows of resources related to pensions are not applicable due to the District preparing its financial statements in accordance with the cash basis of accounting, which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) as indicated in Note 1.

**WESCLIN COMMUNITY UNIT SCHOOL DISTRICT NO. 3  
TRENTON, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6. RETIREMENT FUND COMMITMENTS (Continued)**

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

**Actuarial assumptions**

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

Inflation	2.25 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

In the June 30, 2021 actuarial valuation, mortality rates were based on the PubT-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2020. In the June 30, 2020 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2017.

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

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