

**DUPAGE AREA OCCUPATIONAL
EDUCATION SYSTEM**

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

**AND
INDEPENDENT AUDITORS' REPORT**

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

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Independent Auditors' Report

To the Board of Directors of
DuPage Area Occupational Education System

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the DuPage Area Occupational Education System, Illinois, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the DuPage Area Occupational Education System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 over financial reporting relevant to the DuPage Area Occupational Education System'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 DuPage Area Occupational Education System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DuPage Area Occupational Education System, Illinois, as of June 30, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the DuPage Area Occupational Education System adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

We have previously audited the DuPage Area Occupational Education System's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated September 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021 on our consideration of the DuPage Area Occupational Education System'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 the DuPage Area Occupational Education System'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 the DuPage Area Occupational Education System's internal control over financial reporting and compliance.



Oak Brook, Illinois
October 11, 2021

DuPage Area Occupational Education System Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2021

The discussion and analysis of DuPage Area Occupational Education System's ("DAOES") financial performance provides an overall review of DAOES's financial activities as of and for the year ended June 30, 2021. The management of DAOES encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of DAOES's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > In total, net position increased by \$1,781. This represents a 13% increase from 2020 and DAOES's financial status continues to be strong.
- > General revenues accounted for \$160 in revenue or 1% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$12,242 or 99% of total revenues of \$12,402.
- > DAOES had \$10,621 in expenses related to government activities, of which all of these expenses were offset by program specific charges and grants.
- > New grants: State CTE Education Career Pathways (\$521) and Federal ESSER (\$81). ESSER funds were used to aide TCD with Covid19 expenses such as providing masks for students and staff, disinfecting supplies and additional cleaning cost in order to maintain a safe environment.

Overview of the Financial Statements

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

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of DAOES's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of DAOES's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of DAOES is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

DuPage Area Occupational Education System Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2021

The government-wide financial statements present the functions of DAOES that are principally supported by tuition and intergovernmental revenues (governmental activities). DAOES has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. DAOES's governmental activities include instructional services, supporting services, operation and maintenance of facilities and transportation services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. DAOES uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of DAOES's funds are governmental funds (DAOES maintains no proprietary or fiduciary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an organization's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

DAOES maintains two individual funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Transportation Fund, each of which is considered to be a major fund.

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

Notes to basic financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning DAOES's progress in funding its obligation to provide pension and post-employment benefits to employees.

**DuPage Area Occupational Education System
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021**

Government-Wide Financial Analysis

DAOES's combined net position was higher on June 30, 2021, than it was the year before, increasing 13% to \$16,055.

Table 1 Condensed Statements of Net Position (in thousands of dollars)		
	<u>2020*</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 12,590	\$ 14,734
Capital assets	<u>6,404</u>	<u>6,117</u>
Total assets	<u>18,994</u>	<u>20,851</u>
Total deferred outflows of resources	<u>392</u>	<u>261</u>
Liabilities:		
Current liabilities	168	188
Long-term debt outstanding	<u>3,453</u>	<u>3,052</u>
Total liabilities	<u>3,621</u>	<u>3,240</u>
Total deferred inflows of resources	<u>1,594</u>	<u>1,817</u>
Net position:		
Net investment in capital assets	6,404	6,117
Restricted	-	10
Unrestricted	<u>7,767</u>	<u>9,928</u>
Total net position	<u>\$ 14,171</u>	<u>\$ 16,055</u>

* Prior year information has not been updated for the DAOES's implementation of GASB Statement No. 84 in fiscal year 2021.

Revenues in the governmental activities of DAOES of \$12,402 exceeded expenses by \$1,781. This was attributable primarily to an increase in state funding (\$676), a slight increase in investment earnings (\$40), activity remaining fairly consistent with the prior year (\$819). The remaining increase in net position is a result of current year decrease in expenses as a result of COVID-19. The additional funding will be used for future capital projects due to aging infrastructure over our facility.

**DuPage Area Occupational Education System
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021**

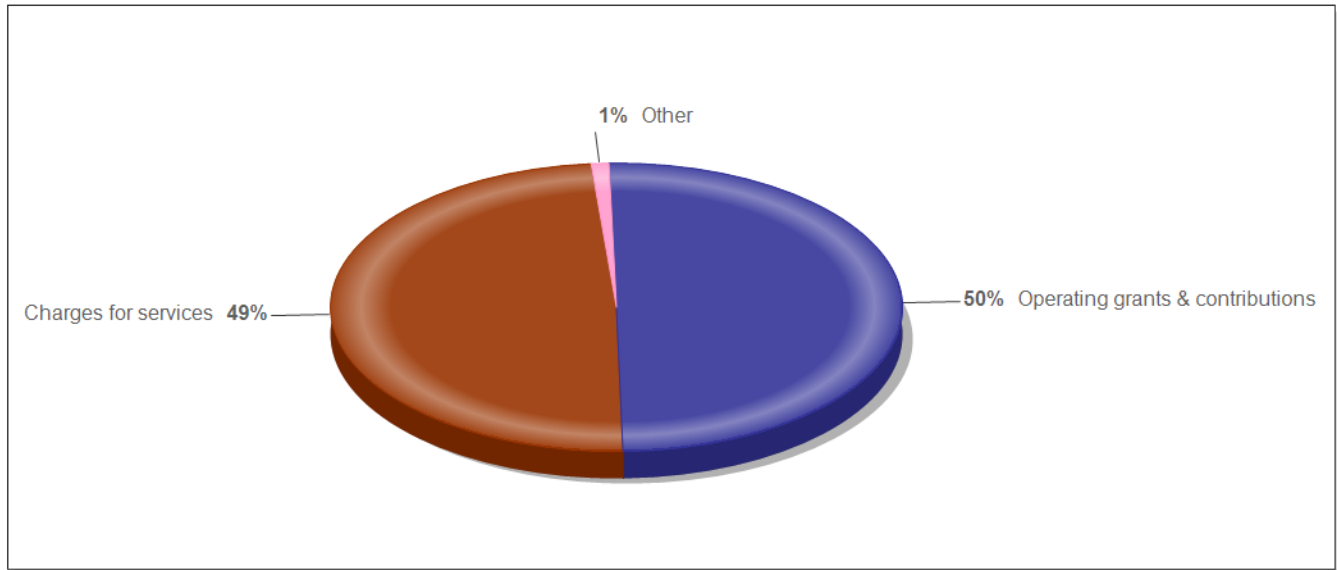
Table 2 Changes in Net Position (in thousands of dollars)		
	<u>2020*</u>	<u>2021</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 5,753	\$ 6,032
Operating grants & contributions	5,612	6,210
<i>General revenues:</i>		
Other	<u>177</u>	<u>160</u>
Total revenues	<u>11,542</u>	<u>12,402</u>
Expenses:		
Instruction	5,714	5,309
Pupil & instructional staff services	661	751
Administration & business	1,240	1,274
Operations & maintenance	1,110	1,064
Other	<u>1,998</u>	<u>2,223</u>
Total expenses	<u>10,723</u>	<u>10,621</u>
Increase (decrease) in net position	819	1,781
Net position, beginning of year (as restated)	<u>13,352</u>	<u>14,274</u>
Net position, end of year	<u>\$ 14,171</u>	<u>\$ 16,055</u>

* Prior year information has not been updated for the DAOES's implementation of GASB Statement No. 84 in fiscal year 2021.

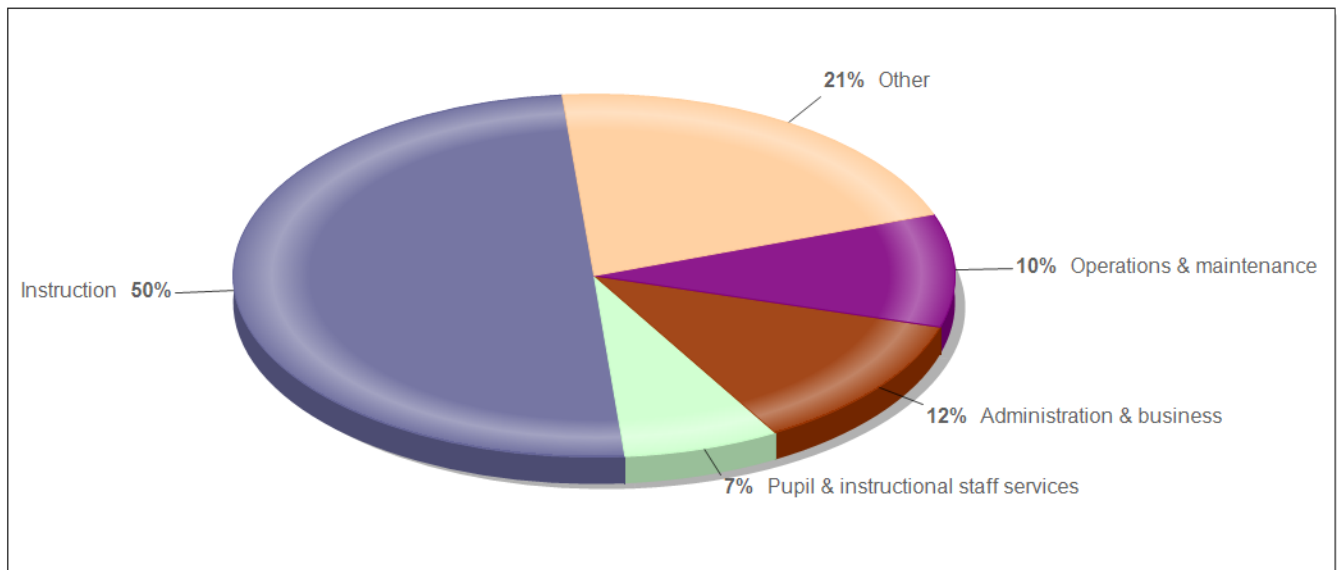
Charges for services and state and federal grants accounted for the largest portion of DAOES's revenues. The total cost of all the DAOES's program was \$10,621, mainly related to instructing and caring for the student.

DuPage Area Occupational Education System Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2021

District-Wide Revenues by Source



District-Wide Expenses by Function



Financial Analysis of DAOES's Funds

DAOES's Governmental Funds balance increased from \$12,363 to \$14,066. This was primarily attributable to an increase in tuition as a result of higher enrollment numbers and an increase in state funding. Capital outlay expenditures decreased, as there were no major projects that occurred during the current fiscal year.

DuPage Area Occupational Education System Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2021

General Fund Budgetary Highlights

DAOES did not revise the annual operating budget. DAOES's adopted budget for the General Fund anticipated that expenditure and revenues would be consistent resulting in a consistent ending fund balance between fiscal year 2020 and 2021. The actual results show an increase in fund balance of \$1,703 due to less personnel expenditures than anticipated. Positions for a culinary instructor, and welding program instructor were budgeted for, but not needed. Due to Covid19, the district used a hybrid model for educating our student population therefore programs did not spend the allocated funds to run their programs as they would have if in person teaching. Please see page 6 above for additional discussion around current year results.

DAOES is constantly monitoring its cost to provide assurance that it is operating in a fiscally responsible manner.

Capital Assets

By the end of 2021, DAOES had compiled a total investment of \$27,078 (\$6,117 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$527. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

Table 3		
Capital Assets (net of depreciation)		
(in thousand of dollars)		
	<u>2020</u>	<u>2021</u>
Land	\$ 195	\$ 195
Building improvements	4,934	4,640
Equipment	1,222	1,232
Land improvements	53	50
Total	<u>\$ 6,404</u>	<u>\$ 6,117</u>

Factors Bearing on the DAOES's Future

At the time these financial statements were prepared and audited, the DAOES was aware of the following circumstances that will significantly affect financial operations in the future:

Revenues:

The State's financial status has an impact on DAOES, as DAOES receives approximately 22% of revenues from State grants and 11% of revenues from Federal grants. Local revenues make up 67% of our budget with the majority being tuition, as enrollment increases or decreases, it has an impact on our operations and we are prepared to adjust without compromising the level of education provided to our students. DAOES has the fund balance to finance operations for a period of time until progress is made in unfunded mandates, state, federal, and local as well as uncertain economic conditions due to COVID 19.

DuPage Area Occupational Education System Management's Discussion and Analysis (Unaudited) As of and for the Year Ended June 30, 2021

Expenditures:

Life Safety – DAOES is currently working with its Board Members on reviewing major projects that need to be addressed such as roof, plumbing, building and masonry repairs. A facility survey was conducted in order to see what work is needed in order to bring the facility up to date. The full cost is estimated at \$31 million. For FY22, DAOES has set aside \$6.2 million in a capital projects fund to track costs of construction projects over \$500,000. Any projects under \$500,000 will be expended from the General Fund subsequent to board approval. On September 16, 2021, the board approved administration to solicit for bids of up to \$1.3 million for replacement of boilers.

DuPage Area Occupational Education System objective remains for promoting and achieving academic success for all students and fiscally sound for our stakeholders.

Requests for Information

This financial report is designed to provide the DAOES's citizens, taxpayers, and creditors with a general overview of DAOES's finances and to demonstrate DAOES's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

DuPage Area Occupational Education System
301 South Swift Road
Addison, Illinois 60101

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
Assets	
Cash	\$ 6,699,281
Investments	6,319,136
Student activity cash	105,307
Receivables (net of allowance for uncollectibles):	
Intergovernmental	928,422
Accounts	210,903
Prepaid items	126,897
Net pension asset	343,735
Capital assets:	
Land	194,943
Capital assets being depreciated, net of accumulated depreciation	<u>5,921,701</u>
Total assets	<u>20,850,325</u>
Deferred outflows of resources	
Deferred outflows related to pensions	143,521
Deferred outflows related to OPEB	<u>117,726</u>
Total deferred outflows of resources	<u>261,247</u>
Liabilities	
Accounts payable	150,082
Salaries and wages payable	29,438
Payroll deductions payable	30
Unearned revenue	7,659
Long-term liabilities:	
Other long-term liabilities - due after one year	<u>3,052,313</u>
Total liabilities	<u>3,239,522</u>
Deferred inflows of resources	
Deferred inflows related to pensions	958,494
Deferred inflows related to OPEB	<u>858,476</u>
Total deferred inflows of resources	<u>1,816,970</u>
Net position	
Net investment in capital assets	6,116,644
Restricted for:	
Student transportation	10,115
Unrestricted	<u>9,928,321</u>
Total net position	<u>\$ 16,055,080</u>

See Notes to Basic Financial Statements

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities				
Instruction:				
Other instructional programs	\$ 3,037,009	\$ 1,791,622	\$ 1,445,889	\$ 200,502
Student activities	2,191	5,031	-	2,840
State retirement contributions	2,269,749	-	2,269,749	-
Support Services:				
Pupils	602,084	741,203	-	139,119
Instructional staff	149,201	19,481	214,329	84,609
General administration	550,888	777,573	588,573	815,258
School administration	266,934	274,614	-	7,680
Business	456,150	512,858	-	56,708
Transportation	49	-	-	(49)
Operations and maintenance	1,063,674	1,396,636	77,427	410,389
Central	609,129	512,858	-	(96,271)
Payments to other districts and gov't units - excluding special education	<u>1,614,153</u>	<u>-</u>	<u>1,614,153</u>	<u>-</u>
Total governmental activities	<u>\$ 10,621,211</u>	<u>\$ 6,031,876</u>	<u>\$ 6,210,120</u>	<u>1,620,785</u>

General revenues:

Taxes:

Investment income

90,518

Miscellaneous

70,064

Total general revenues

160,582

Change in net position

1,781,367

Net position, beginning of year (as restated)

14,273,713

Net position, end of year

\$ 16,055,080

See Notes to Basic Financial Statements

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GOVERNMENTAL FUNDS**

BALANCE SHEET
AS OF JUNE 30, 2021

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

	GENERAL FUND	TRANSPORTATION FUND	TOTAL	
			2021	2020
Assets				
Cash	\$ 6,689,166	\$ 10,115	\$ 6,699,281	\$ 5,336,926
Investments	6,319,136	-	6,319,136	6,123,095
Student activity cash	105,307	-	105,307	-
Receivables (net allowance for uncollectibles):				
Interest	-	-	-	105,522
Intergovernmental	928,422	-	928,422	930,640
Accounts	210,903	-	210,903	-
Prepaid items	126,897	-	126,897	94,502
Total assets	\$ 14,379,831	\$ 10,115	\$ 14,389,946	\$ 12,590,685
Liabilities				
Accounts payable	\$ 150,082	\$ -	\$ 150,082	\$ 122,762
Salaries and wages payable	29,438	-	29,438	29,438
Payroll deductions payable	30	-	30	30
Unearned revenue	7,659	-	7,659	16,159
Total liabilities	187,209	-	187,209	168,389
Deferred inflows of resources				
Unavailable state and federal aid receivable	-	-	-	56,647
Unavailable other receivable	136,392	-	136,392	105,523
Total deferred inflows of resources	136,392	-	136,392	162,170
Fund balance				
Nonspendable	126,897	-	126,897	94,502
Restricted	-	10,115	10,115	10,164
Assigned	611,663	-	611,663	506,352
Unassigned	13,317,670	-	13,317,670	11,649,108
Total fund balance	14,056,230	10,115	14,066,345	12,260,126
Total liabilities, deferred inflows of resources, and fund balance	\$ 14,379,831	\$ 10,115	\$ 14,389,946	\$ 12,590,685

See Notes to Basic Financial Statements

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2021

Total fund balances - governmental funds		\$ 14,066,345
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		6,116,644
Net pension asset recognized in the Statement of Net Position does not provide current financial resources and is not included as an asset in the Governmental Funds Balance Sheet.		343,735
Certain revenues receivable by DAOES and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:		
Tuition revenue	\$ 136,392	136,392
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		143,521
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		117,726
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(958,494)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(858,476)
Long-term liabilities applicable to DAOES's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Balances at June 30, 2021 are:		
Net OPEB liability	\$ (2,786,464)	
Net pension liability	<u>(265,849)</u>	<u>(3,052,313)</u>
Net position of governmental activities		<u>\$ 16,055,080</u>

See Notes to Basic Financial Statements

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	TRANSPORTATION FUND	TOTAL	
			2021	2020
Revenues				
State aid	\$ 4,039,949	\$ -	\$ 4,039,949	\$ 3,357,138
Federal aid	1,149,073	-	1,149,073	1,330,731
Investment income	196,041	-	196,041	27,846
Tuition	5,187,806	-	5,187,806	5,026,824
Student activities	5,031	-	5,031	-
Other	772,711	-	772,711	769,751
Total revenues	<u>11,350,611</u>	<u>-</u>	<u>11,350,611</u>	<u>10,512,290</u>
Expenditures				
Current:				
Instruction:				
Other instructional programs	2,989,692	-	2,989,692	3,094,963
Student activities	2,191	-	2,191	-
State retirement contributions	1,192,004	-	1,192,004	1,171,124
Support Services:				
Pupils	593,258	-	593,258	543,505
Instructional staff	166,002	-	166,002	188,090
General administration	498,758	-	498,758	473,097
School administration	259,086	-	259,086	265,503
Business	407,452	-	407,452	380,759
Transportation	-	49	49	134
Operations and maintenance	1,067,130	-	1,067,130	1,021,823
Central	427,272	-	427,272	369,819
Payments to other districts and gov't units	1,614,153	-	1,614,153	1,540,587
Capital outlay	429,812	-	429,812	774,277
Total expenditures	<u>9,646,810</u>	<u>49</u>	<u>9,646,859</u>	<u>9,823,681</u>
Excess (deficiency) of revenues over expenditures	<u>1,703,801</u>	<u>(49)</u>	<u>1,703,752</u>	<u>688,609</u>
Net change in fund balance	1,703,801	(49)	1,703,752	688,609
Fund balance, beginning of year (as restated)	<u>12,352,429</u>	<u>10,164</u>	<u>12,362,593</u>	<u>11,571,517</u>
Fund balance, end of year	<u>\$ 14,056,230</u>	<u>\$ 10,115</u>	<u>\$ 14,066,345</u>	<u>\$ 12,260,126</u>

See Notes to Basic Financial Statements

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	1,703,752
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year net capital outlay exceeds depreciation expense.		
		(287,080)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:		
Interest revenue	\$ (105,523)	
Grant revenue	(56,647)	
Tuition revenue	<u>136,392</u>	
		(25,778)
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:		
Net pension asset	\$ 343,735	
State on-behalf contribution revenue	1,077,745	
State on-behalf contribution expense	(1,077,745)	
Net OPEB Liability	197,640	
Deferred outflows of resources related to OPEB	19,646	
Deferred inflows of resources related to OPEB	(135,917)	
Net pension liability	202,884	
Deferred outflows of resources related to pensions	(150,005)	
Deferred inflows of resources related to pensions	<u>(87,510)</u>	
		<u>390,473</u>
Change in net position of governmental activities	\$	<u><u>1,781,367</u></u>

See Notes to Basic Financial Statements

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DuPage Area Occupational Education System (DAOES) is a nonprofit service organization formed by means of an intergovernmental agreement between District 86 (Hinsdale), District 87 (Glenbard), District 88 (Villa Park), District 94 (West Chicago), District 99 (Downers Grove), District 100 (Fenton), District 108 (Lake Park), District 200 (Wheaton), District 201 (Westmont), District 202 (Lisle), District 203 (Naperville), District 204 Cook (Lyons Township), District 204 DuPage (Indian Prairie), and District 205 (Elmhurst). DAOES is governed by a Board of Directors consisting of representatives from each member district.

DAOES is responsible for planning, implementing, directing and monitoring the delivery of vocational education programs within its service area. In addition, the region operates the Technology Center of DuPage whose objective is to provide specialized vocational programs in a vocational center for all students who need and can profit from such specialized training.

The accounting policies of DAOES conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of DAOES:

Reporting Entity

This report includes all of the funds of DAOES. The reporting entity for DAOES consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. DAOES has not identified any organizations that meet this criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of DAOES. The effect of interfund activity has been removed from these statements. DAOES's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. DAOES has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Governmental Funds Financial Statements

The accounts of DAOES in the governmental fund financial statements are organized and operated on the basis of funds and are used to account for DAOES's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds maintained is consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tuition is recognized as revenue is billed. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, DAOES considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

General Fund - the general operating fund of DAOES. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of DAOES's operations. Revenues consist largely of fees from member districts and grants.

This fund also includes student activity funds held and controlled by DAOES, under the direction of district personnel, and administrative involvement of the board of education.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the General Fund.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from fees received from member Districts.

On-behalf payments (payments made by a third party for the benefit of DAOES, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by DAOES and recognized as revenue at that time.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

State statutes authorize DAOES to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net position. Receivables are expected to be collected within one year.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, machinery, and equipment are reported in the government-wide financial statements. Capital assets are defined by DAOES as assets with an initial individual cost of more than \$500 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and improvements	20-70
Land improvements	20
Machinery and equipment	11-20

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Long-Term Obligations

Long-term obligations are reported as liabilities in the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

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

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is DAOES's policy to use restricted resources first and then unrestricted resources.

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Directors. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Directors that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Directors or by an official that has been delegated authority to assign amounts. The Board of Directors has declared that the Business Manager may assign amounts for a specific purpose. The Board of Directors may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in the General Fund is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. In the Transportation Fund, assigned fund balance will be spent first, followed by committed fund balance, and then restricted fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2021 are as follows:

The nonspendable fund balance in the General Fund is comprised of \$126,897 for prepaid items. The restricted fund balance in the Transportation Fund is for the purpose of the fund as described above in the Major Governmental Funds section. The assigned fund balances within the General Fund are for the purposes described below:

\$115,049 has been assigned for the operations and maintenance of the facility.

\$8,797 has been assigned for various future building renovations and maintenance.

\$26,510 has been assigned for upkeep of the pond.

\$356,000 has been assigned for future retirement of teachers and administrators electing early retirement.

\$105,307 has been assigned for student activity fund purposes

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with DAOES's financial statements for the year ended June 30, 2020, from which such summarized information was derived.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLES

In January 2017, the Governmental Accounting Standards Board issued statement No. 84 - *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This standard was implemented July 1, 2020.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, DAOES's cash and investments was comprised of the following:

	Government- wide	Total
Cash	\$ 6,699,281	\$ 6,699,281
Investments	6,319,136	6,319,136
Student activity cash	<u>105,307</u>	<u>105,307</u>
Total	<u>\$ 13,123,724</u>	<u>\$ 13,123,724</u>

For disclosure purposes, this amount is segregated into the following components: 1) deposits with financial institutions, which include amounts held in demand accounts, savings accounts and non-negotiable certificates of deposit and 2) investments in the Illinois School District Liquid Asset Fund Plus (ISDLAF+).

	Cash	Investments	Total
Deposits with financial institutions	\$ 6,804,588	\$ -	\$ 6,804,588
ISDLAF +	<u>-</u>	<u>6,319,136</u>	<u>6,319,136</u>
Total	<u>\$ 6,804,588</u>	<u>\$ 6,319,136</u>	<u>\$ 13,123,724</u>

Credit Risk. State Statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). DAOES's adopted investment policy authorizes investments in any type of security as permitted by Sections 2 through 6 of the Illinois Public Funds Investment Act. State Statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's).

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Concentration of Credit Risk. The investment policy requires diversification of the investment portfolio to eliminate risk of loss resulting in over concentration in a specific issuer, maturity or class of securities.

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, DAOES's deposits may not be returned to it. DAOES's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2021, the bank balance of the DAOES's deposit with financial institutions totaled \$7,016,798; the total of which was collateralized and insured.

Custodial Credit Risk - Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. DAOES's investment policy limits the exposure to investment custodial credit risk by requiring all investments be secured by private insurance or collateral.

Separate cash and investment accounts are not maintained for all funds; instead, the individual funds maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital asset activity for DAOES for the year ended June 30, 2021 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Capital assets not being depreciated:</u>				
Land	\$ 194,943	\$ -	\$ -	\$ 194,943
Total capital assets not being depreciated	194,943	-	-	194,943
<u>Capital assets being depreciated:</u>				
Land improvements	1,037,085	-	-	1,037,085
Building improvements	18,319,202	36,916	-	18,356,118
Equipment	7,360,677	203,013	73,994	7,489,696
Total capital assets being depreciated	26,716,964	239,929	73,994	26,882,899
<u>Less Accumulated Depreciation for:</u>				
Land improvements	984,165	2,646	-	986,811
Building improvements	13,385,024	331,406	-	13,716,430
Equipment	6,138,994	192,957	73,994	6,257,957
Total accumulated depreciation	20,508,183	527,009	73,994	20,961,198
Net capital assets being depreciated	6,208,781	(287,080)	-	5,921,701
Net governmental activities capital assets	\$ 6,403,724	\$ (287,080)	\$ -	\$ 6,116,644

Depreciation expense was recognized in the operating activities of the DAOES as follows:

	<i>Governmental Activities</i>	<i>Depreciation</i>
Other instructional programs		\$ 447,958
Business		26,350
Operations and maintenance		52,701
Total depreciation expense - governmental activities		\$ 527,009

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for DAOES for the year ended June 30, 2021:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Net pension liability	\$ 468,733	\$ 504,263	\$ 707,147	\$ 265,849	\$ -
Net OPEB liability	<u>2,984,104</u>	<u>2,794</u>	<u>200,434</u>	<u>2,786,464</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 3,452,837</u>	<u>\$ 507,057</u>	<u>\$ 907,581</u>	<u>\$ 3,052,313</u>	<u>\$ -</u>

The obligations for the net OPEB liability and net pension liability will be repaid from the General Fund.

NOTE 6 - RISK MANAGEMENT

DAOES is exposed to various risks of loss related to employee workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, DAOES participates in the following public entity risk pools: School Employees Loss Fund (SELF) for workers' compensation claims, and Suburban School Cooperative Insurance Pool (SSCIP) for property damage and injury claims. DAOES pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years.

DAOES continues to carry commercial insurance for all other risks of loss, including torts and health insurance for employees. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

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

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services."

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Benefits Provided. 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 THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of DAOES. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2021. State of Illinois contributions of \$31,669 were recognized as revenue and expenditures by DAOES during the year in the General Fund based on the current financial resources measurement basis. On the economic resources measurement basis, DAOES recognizes revenue and expenses of \$52,118 in the Governmental Activities equal to the proportion of the State of Illinois's OPEB expense associated with the employer.

Contributions. DAOES also makes contributions to THIS Fund. DAOES's THIS Fund contribution was 0.92% during the year ended June 30, 2021. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2021, DAOES paid \$23,496 to the THIS Fund, respectively, which was 100 percent of the required contribution for the year.

THIS Fiduciary Net Position. Detailed information about the THIS Fund's fiduciary net position as of June 30, 2020 is available in the separately issued THIS Annual Financial Report.

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

DAOES's proportionate share of the collection net OPEB liability	\$ 2,741,129
State's proportionate share of the collective net OPEB liability associated with DAOES	<u>3,713,483</u>
Total	<u>\$ 6,454,612</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. DAOES proportion of the net OPEB liability was based on DAOES share of contributions to THIS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2020 and 2019, DAOES's proportion was 0.010253% and 0.010383%, respectively.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Actuarial Assumptions. The net OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	4.00% to 9.50%
Investment Rate of Return	0.00%
Healthcare Cost Trend Rates - Initial	Medicare and Non-Medicare - 8.25%
Healthcare Cost Trend Rates - Ultimate	4.25%
Fiscal Year the Ultimate Rate is Reached	2037

Mortality rates were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2017.

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

Discount Rate. At June 30, 2020, the discount rate used to measure the total OPEB liability was a blended rate of 2.45%, which was a change from the June 30, 2019 rate of 3.13%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of DAOES, as well as what DAOES's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 3,294,445	\$ 2,741,129	\$ 2,302,758

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of DAOES, as well as what DAOES's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.25% decreasing to an ultimate rate of 3.25%) for Medicare and non-Medicare coverage or 1-percentage-point higher (initial rate of 9.25% decreasing to an ultimate rate of 5.25%) for Medicare and non-Medicare coverage than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 2,204,700	\$ 2,741,129	\$ 3,466,272

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, DAOES recognized OPEB expense of \$42,526 and on-behalf revenue and expenses of \$52,118 for support provided by the state. At June 30, 2021, DAOES's deferred outflows of resources and deferred inflows of resources related to OPEBs were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences Between Expected and Actual Experience	\$ -	\$ 72,829
Changes in Assumptions	928	452,146
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	78
Changes in Proportion and Differences Between DAOES Contributions and Proportionate Share of Contributions	57,856	325,675
DAOES Contributions Subsequent to the Measurement Date	<u>23,496</u>	<u>-</u>
Total	<u>\$ 82,280</u>	<u>\$ 850,728</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net OPEB liability for the year ending June 30, 2022. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB (\$791,944) will be recognized in OPEB expense as follows in these reporting years:

	<i>Year Ending June 30,</i>	<i>Amount</i>
2022		\$ (108,050)
2023		(108,050)
2024		(108,050)
2025		(108,048)
2026		(108,030)
Thereafter		<u>(251,716)</u>
Total		<u>\$ (791,944)</u>

Retirees' Health Plan

Plan Description. DAOES administers a single-employer defined benefit healthcare plan ("the Retirees' Health Plan"). The plan provides for eligible retirees and their spouses through DAOES which covers both active and retired members. Benefit provisions are established through and state that eligible retirees and their spouses at established contribution rates. The Retirees' Health Plan does not issue a publicly available financial report.

Contributions and Benefits Provided. Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. For certified grandfathered retirees meeting the eligibility requirements, DAOES contributes the maximum amount of the individual TRS health insurance premium, capped at \$150 per month, provided employees follow the proper contract procedures in applying for retirement. DAOES also provides life insurance benefits of \$50,000 at no cost to personnel meeting the above requirements. Life insurance coverage ends upon the earlier of 1) the death of the retiree or 2) after a period equal to one-half the length of the teacher's consecutive full-time service at DAOES. IMRF employees may continue coverage into retirement on DAOES's plan on a pay-all basis. For the year ended 2021, DAOES's contributions were \$10,809.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Employees Covered by Benefit Terms. At July 1, 2020, the actuarial valuation date, the following employees were covered by the benefit terms:

Retired Plan Members	13
Active Employees Not Yet Eligible	-
Active Employees Fully Eligible	<u>58</u>
 Total	 <u><u>71</u></u>

Total OPEB Liability. DAOES total OPEB liability of \$45,335 was measured as of 6/30/2021, and was determined by an actuarial valuation as of July 1, 2020.

Inflation	2.50%
Election at Retirement - Certified Employees	100.00%
Election at Retirement - IMRF Employees	0.00%
Discount Rate	2.18

Since the Retirees' Health Plan is financed on a pay-as-you-go basis, the discount rate is based on the 20 year general obligation bond index as of the measurement date of the valuation.

Mortality rates were based on PubG.H-2010 Mortality Table - General.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actual and anticipated experience.

Changes in Total OPEB Liability. DAOES changes in the total OPEB liability for the year ended June 30, 2021 was as follows:

	Total OPEB Liability
Balance at June 30, 2020	\$ 110,453
Interest	2,794
Changes of benefit plans	(96,614)
Differences between expected and actual experience	38,978
Changes in assumptions and other inputs	533
Benefit payments	<u>(10,809)</u>
Net Changes	<u>(65,118)</u>
Balance at June 30, 2021	<u><u>\$ 45,335</u></u>

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of DAOES, as well as what DAOES total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower ((1.00)%) or 1-percentage-point higher (1.00%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 46,491</u>	<u>\$ 45,335</u>	<u>\$ 44,239</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, DAOES recognized OPEB expense of \$(89,143). DAOES reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33,193	\$ -
Assumption changes	<u>2,253</u>	<u>7,748</u>
	<u>\$ 35,446</u>	<u>\$ 7,748</u>

The amounts reported as deferred outflows and inflows of resources related to OPEB (\$27,698) will be recognized in OPEB expense as follows:

	Amount
2022	\$ 4,676
2023	4,676
2024	4,676
2025	4,676
2026	5,261
Thereafter	3,733
Total	<u>\$ 27,698</u>

NOTE 8 - RETIREMENT SYSTEMS

The retirement plans of DAOES include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the DAOES. IMRF is funded through tuition as well as state and federal grants. Each retirement system is discussed below.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

Teachers' Retirement System

Plan Description. DAOES 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 nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/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 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 from *Tier 1*.

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

Public Act 100-0023, enacted in 2017, creates an optional *Tier 3* hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2024. One program allows retiring *Tier 1* members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested *Tier 1* and *Tier 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.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

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 DAOES, is submitted to TRS by DAOES.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of DAOES. For the year ended June 30, 2021, State of Illinois contributions recognized by the DAOES were based on the state's proportionate share of with the pension expense associated with the DAOES, and DAOES recognized revenue and expenses of \$2,217,631 in governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$1,160,335 in the General Fund based on the current financial resources measurement basis.

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 \$15,236, and are deferred because they were paid after the June 30, 2020 measurement date.

Federal and Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the DAOES, there is a statutory requirement for the DAOES to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is DAOES's total 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 more higher.

For the year ended June 30, 2021, DAOES pension contribution was 10.41 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2021, were \$10,167, which was equal to the DAOES's required contribution. These contributions are deferred because they were paid after the June 30, 2020 measurement date.

Salary increases over 6 percent. DAOES is also 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. For the year ended June 30, 2021, DAOES paid \$942 to TRS for employer contributions due on salary increases in excess of 6 percent.

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

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

DAOES's proportionate share of the collective net pension liability	\$ 265,849
State's proportionate share of the collective net pension liability associated with the District	<u>20,822,696</u>
Total	<u>\$ 21,088,545</u>

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020. DAOES's proportion of the net pension liability was based on the DAOES's share of contributions to TRS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2020 and 2019, the DAOES's proportion was 0.00030836 percent and 0.00032608 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2020 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

Mortality. Mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are used on a fully-generational basis using projection table MP-2017. The assumptions were based on the results of an experience study dated September 18, 2018.

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

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
U.S. equities large cap	16.50 %	6.10 %
U.S. equities small/mid cap	2.30 %	7.20 %
International equities developed	12.20 %	7.00 %
Emerging market equities	3.00 %	9.40 %
U.S. bonds core	7.00 %	2.20 %
U.S. bonds high yield	2.50 %	4.10 %
International debt developed	3.10 %	1.50 %
Emerging international debt	3.20 %	4.50 %
Real estate	16.00 %	5.70 %
Private debt	5.20 %	6.30 %
Hedge funds (absolute return)	10.00 %	4.30 %
Private equity	15.00 %	10.50 %
Infrastructure	4.00 %	6.20 %

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
DAOES's proportionate share of the collective net pension liability	\$ <u>322,693</u>	\$ <u>265,849</u>	\$ <u>219,051</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, DAOES recognized pension expense of \$(134,893) and on-behalf revenue of \$2,217,631 for support provided by the state. At June 30, 2021, DAOES's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,576	\$ 71
Net difference between projected and actual earnings on pension plan investments	7,938	-
Assumption changes	1,089	2,789
Changes in proportion and differences between DAOES's contributions and proportionate share of contributions	11,161	419,013
DAOES's contributions subsequent to the measurement date	<u>25,403</u>	-
Total	\$ <u>48,167</u>	\$ <u>421,873</u>

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2022. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$399,109) will be recognized in pension expense as follows:

	Year Ending June 30,	Amount
2022		\$ (214,025)
2023		(125,621)
2024		(54,438)
2025		(3,937)
2026		(1,097)
Thereafter		<u>9</u>
Total		\$ <u>(399,109)</u>

Illinois Municipal Retirement Fund

Plan Description. DAOES's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The DAOES's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer pension plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 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 *Regular 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

Plan Membership. At December 31, 2020, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	42
Inactive, non-retired members	42
Active members	23
Total	<u>107</u>

Contributions. As set by statute, DAOES employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires DAOES to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. DAOES's actuarially determined contribution rate for calendar year 2020 was 11.81 percent of annual covered payroll. DAOES also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2020 annual actuarial valuation included (a) 7.25% investment rate of return, (b) projected salary increases from 2.85% to 13.75%, and (c) price inflation of 2.25%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality. For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

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

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	6.35 %	5.00 %
International equities	18.00 %	7.65 %	6.00 %
Fixed income	28.00 %	1.40 %	1.30 %
Real estate	9.00 %	7.10 %	6.20 %
Alternatives	7.00 %		
Private equity		10.35 %	6.95 %
Hedge funds		N/A	N/A
Commodities		3.90 %	2.85 %
Cash equivalents	1.00 %	0.70 %	0.70 %

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.25%, the same rate as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that DAOES contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of DAOES calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
Total pension liability	\$ 6,397,802	\$ 5,816,963	\$ 5,339,513
Plan fiduciary net position	<u>6,160,698</u>	<u>6,160,698</u>	<u>6,160,698</u>
Net pension liability/(asset)	<u>\$ 237,104</u>	<u>\$ (343,735)</u>	<u>\$ (821,185)</u>

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - RETIREMENT SYSTEMS - (CONTINUED)

Changes in Net Pension Liability/(Asset). DAOES's changes in net pension liability/(asset) for the calendar year ended December 31, 2020 was as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(a) - (b)</i>
Balances at December 31, 2019	\$ 5,718,308	\$ 5,514,054	\$ 204,254
Service cost	96,854	-	96,854
Interest on total pension liability	406,039	-	406,039
Differences between expected and actual experience of the total pension liability	(8,557)	-	(8,557)
Change of assumptions	(63,298)	-	(63,298)
Benefit payments, including refunds of employee contributions	(332,383)	(332,383)	-
Contributions - employer	-	107,392	(107,392)
Contributions - employee	-	40,920	(40,920)
Net investment income	-	807,426	(807,426)
Other (net transfer)	-	23,289	(23,289)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2020	<u>\$ 5,816,963</u>	<u>\$ 6,160,698</u>	<u>\$ (343,735)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, DAOES recognized pension expense of \$(28,126). DAOES's deferred outflows and inflows of resources related to pension were from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 38,010	\$ 4,739
Assumption changes	-	35,055
Net difference between projected and actual earnings on pension plan investments	-	496,827
Contributions subsequent to the measurement date	<u>57,344</u>	<u>-</u>
Total	<u>\$ 95,354</u>	<u>\$ 536,621</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2022. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$(498,611)) will be recognized in pension expense as follows:

	<i>Year Ending June 30,</i>	<i>Amount</i>
2022		\$ (150,742)
2023		(67,713)
2024		(197,459)
2025		<u>(82,697)</u>
Total		<u>\$ (498,611)</u>

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 - RESTATEMENT

Net position and beginning fund balances have been restated due to the implementation of GASB Statement No. 84 - *Fiduciary Activities*. The restatement is necessary to present student activity amounts within the governmental activities and governmental funds

	Governmental Activities
Net position as previously reported, June 30, 2020	\$ 14,171,246
Adjustment to record student activity net position as of June 30, 2020	<u>102,467</u>
Net position as restated, June 30, 2020	<u>\$ 14,273,713</u>

	General Fund
Fund balance as previously reported, June 30, 2020	\$ 12,249,962
Adjustment to to record student activity fund balances as of June 30, 2020	<u>102,467</u>
Fund balance as restated, June 30, 2020	<u>\$ 12,352,429</u>

NOTE 10 - STATE AND FEDERAL AID CONTINGENCIES

DAOES has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTE 11 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DAOES'S NET PENSION LIABILITY
AND RELATED RATIOS
Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 96,854	\$ 91,725	\$ 77,837
Interest	406,039	377,226	364,863
Differences between expected and actual experience	(8,557)	254,408	74,128
Changes of assumptions	(63,298)	-	123,165
Benefit payments, including refunds of member contributions	<u>(332,383)</u>	<u>(324,623)</u>	<u>(292,689)</u>
Net change in total pension liability	98,655	398,736	347,304
Total pension liability - beginning	<u>5,718,308</u>	<u>5,319,572</u>	<u>4,972,268</u>
Total pension liability - ending (a)	<u>\$ 5,816,963</u>	<u>\$ 5,718,308</u>	<u>\$ 5,319,572</u>
Plan fiduciary net position			
Employer contributions	\$ 107,392	\$ 69,242	\$ 99,080
Employee contributions	40,920	38,185	38,258
Net investment income	807,426	912,693	(305,810)
Benefit payments, including refunds of member contributions	(332,383)	(324,623)	(292,689)
Other (net transfer)	<u>23,289</u>	<u>71,539</u>	<u>85,475</u>
Net change in plan fiduciary net position	646,644	767,036	(375,686)
Plan fiduciary net position - beginning	<u>5,514,054</u>	<u>4,747,018</u>	<u>5,122,704</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,160,698</u>	<u>\$ 5,514,054</u>	<u>\$ 4,747,018</u>
Employer's net pension liability / (asset) - ending (a) - (b)	<u>\$ (343,735)</u>	<u>\$ 204,254</u>	<u>\$ 572,554</u>
Plan fiduciary net position as a percentage of the total pension liability / (asset)	105.91%	96.43%	89.24%
Covered payroll	\$ 909,338	\$ 848,550	\$ 789,485
Employer's net pension liability / (asset) as a percentage of covered payroll	-37.80%	24.07%	72.52%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Actuary valuations are as of December 31st, which is 6 months prior to the end of the fiscal year.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 92,196	\$ 102,653	\$ 98,285	\$ 92,815
363,426	342,135	329,027	303,392
9,739	101,898	(18,555)	(13,231)
(158,740)	-	-	175,118
<u>(267,865)</u>	<u>(247,302)</u>	<u>(225,027)</u>	<u>(213,038)</u>
38,756	299,384	183,730	345,056
<u>4,933,512</u>	<u>4,634,128</u>	<u>4,450,398</u>	<u>4,105,342</u>
<u>\$ 4,972,268</u>	<u>\$ 4,933,512</u>	<u>\$ 4,634,128</u>	<u>\$ 4,450,398</u>
\$ 84,099	\$ 107,608	\$ 119,764	\$ 135,229
34,498	37,831	38,941	37,265
815,172	294,110	21,275	246,694
(267,865)	(247,302)	(225,027)	(213,038)
<u>(78,935)</u>	<u>45,976</u>	<u>54,485</u>	<u>17,489</u>
586,969	238,223	9,438	223,639
<u>4,535,735</u>	<u>4,297,512</u>	<u>4,288,074</u>	<u>4,064,435</u>
<u>\$ 5,122,704</u>	<u>\$ 4,535,735</u>	<u>\$ 4,297,512</u>	<u>\$ 4,288,074</u>
<u>\$ (150,436)</u>	<u>\$ 397,777</u>	<u>\$ 336,616</u>	<u>\$ 162,324</u>
103.03%	91.94%	92.74%	96.35%
\$ 766,629	\$ 840,692	\$ 865,349	\$ 828,101
-19.62%	47.32%	38.90%	19.60%

See Auditors' Report and Notes to Required Supplementary Information

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF DAOES CONTRIBUTIONS

Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 107,393	\$ 69,242	\$ 99,080	\$ 84,099
Contributions in relation to the actuarially determined contribution	<u>(107,392)</u>	<u>(69,242)</u>	<u>(99,080)</u>	<u>(84,099)</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 909,338	\$ 848,550	\$ 789,485	\$ 766,629
Contributions as a percentage of covered payroll	11.81%	8.16%	12.55%	10.97%
		<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution		\$ 107,609	\$ 119,764	\$ 135,228
Contributions in relation to the actuarially determined contribution		<u>(107,608)</u>	<u>(119,764)</u>	<u>(135,229)</u>
Contribution deficiency (excess)		<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>
Covered payroll		\$ 840,692	\$ 865,349	\$ 828,101
Contributions as a percentage of covered payroll		12.80%	13.84%	16.33%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF DAOES'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET PENSION LIABILITY AND SCHEDULE OF DAOES CONTRIBUTIONS
Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0003083553%	0.0003260817%	0.0003848471%
District's proportionate share of the net pension liability	\$ 265,849	\$ 264,479	\$ 299,968
State's proportionate share of the net pension liability	<u>20,822,696</u>	<u>18,822,673</u>	<u>20,549,096</u>
Total net pension liability	<u>\$ 21,088,545</u>	<u>\$ 19,087,152</u>	<u>\$ 20,849,064</u>
Covered payroll	\$ 2,553,949	\$ 2,545,008	\$ 2,553,266
District's proportionate share of the net pension liability as a percentage of covered payroll	10.41%	10.39%	11.75%
Plan fiduciary net position as a percentage of the total pension liability	37.80%	39.60%	40.00%
Contractually required contribution	\$ 24,925	\$ 24,464	\$ 23,498
Contributions in relation to the contractually required contribution	<u>(25,403)</u>	<u>(25,257)</u>	<u>(23,936)</u>
Contribution deficiency (excess)	<u>\$ (478)</u>	<u>\$ (793)</u>	<u>\$ (438)</u>
Contributions as a percentage of covered payroll	0.9947%	0.9924%	0.9375%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.00%
Municipal bond index	2.21%	3.50%	3.87%
Single equivalent discount rate	7.00%	7.00%	7.00%
Inflation rate	2.50%	2.50%	2.50%
Projected salary increases	4.00% to 9.50% varying by service	4.00% to 9.50% varying by service	4.00% to 9.50% varying by service

See Auditors' Report and Notes to Required Supplementary Information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0011477468%	0.0019912757%	0.0015694881%	0.0030377000%
\$ 876,857	\$ 1,571,834	\$ 1,028,173	\$ 1,848,691
<u>19,352,519</u>	<u>20,829,843</u>	<u>17,429,075</u>	<u>17,239,498</u>
<u>\$ 20,229,376</u>	<u>\$ 22,401,677</u>	<u>\$ 18,457,248</u>	<u>\$ 19,088,189</u>
\$ 2,697,526	\$ 2,613,763	\$ 2,629,141	\$ 2,714,253
32.51%	60.14%	39.11%	68.11%
39.30%	36.40%	41.50%	43.00%
\$ 24,338	\$ 47,644	\$ 77,885	\$ 68,342
<u>(24,338)</u>	<u>(45,004)</u>	<u>(77,885)</u>	<u>(69,133)</u>
<u>\$ -</u>	<u>\$ 2,640</u>	<u>\$ -</u>	<u>\$ (791)</u>
0.9022%	1.7218%	2.9624%	2.5470%
7.00%	7.00%	7.50%	7.50%
3.58%	2.85%	3.73%	N/A
7.00%	6.83%	7.47%	7.50%
2.50%	2.50%	3.00%	3.00%
3.25% to 9.25%	3.25% to 9.25%	3.75% to 9.75%	5.75%
varying by service	varying by service	varying by service	

See Auditors' Report and Notes to Required Supplementary Information

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

RETIREES' HEALTH PLAN

SCHEDULE OF CHANGES IN DAOES'S TOTAL OPEB LIABILITY

AND RELATED RATIOS

Four Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ -	\$ 7,147	\$ 7,668	\$ 5,303
Interest	2,794	2,885	3,207	3,133
Changes of benefit terms	(96,614)	-	-	(6,750)
Differences between expected and actual experience	38,978	1,304	(6,149)	1,990
Changes of assumptions	533	238	486	-
Benefit payments, including refunds of member contributions	<u>(10,809)</u>	<u>(9,010)</u>	<u>(7,212)</u>	<u>(18,804)</u>
Net change in total OPEB liability	(65,118)	2,564	(2,000)	(15,128)
Total OPEB liability - beginning	<u>110,453</u>	<u>107,889</u>	<u>109,889</u>	<u>125,017</u>
Total OPEB liability - ending (a)	\$ 45,335	\$ 110,453	\$ 107,889	\$ 109,889
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 3,360,815	\$ 3,393,558	\$ 3,260,652	\$ 1,948,661
DAOES's total pension liability as a percentage of covered payroll	1.35%	3.25%	3.31%	5.64%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

There is no ADC or employer contribution related to the ADC as the total OPEB liability is currently an unfunded obligation.

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
TEACHERS' HEALTH INSURANCE SECURITY FUND
SCHEDULE OF DAOES'S PROPORTIONATE SHARE
OF THE COLLECTIVE NET OPEB LIABILITY AND SCHEDULE OF DAOES CONTRIBUTIONS
Four Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
DAOES's proportion of the net OPEB liability	0.0102530000%	0.0103830000%	0.0116400000%	0.1043400000%
DAOES's proportionate share of the net OPEB liability	\$ 2,741,129	\$ 2,873,651	\$ 3,066,753	\$ 2,707,521
State's proportionate share of the net OPEB liability	<u>3,713,483</u>	<u>3,891,290</u>	<u>4,117,988</u>	<u>2,948,438</u>
Total net OPEB liability	<u>\$ 6,454,612</u>	<u>\$ 6,764,941</u>	<u>\$ 7,184,741</u>	<u>\$ 5,655,959</u>
Covered payroll	\$ 2,545,008	\$ 2,553,266	\$ 2,697,526	\$ 2,613,763
DAOES's proportionate share of the net OPEB liability as a percentage of covered payroll	107.71%	112.55%	113.69%	103.59%
Plan fiduciary net position as a percentage of the total pension liability	0.70%	0.25%	-0.07%	-0.17%
Contractually required contribution	\$ 23,496	\$ 23,414	\$ 23,490	\$ 23,738
Contributions in relation to the contractually required contribution	<u>(41,024)</u>	<u>(23,414)</u>	<u>(23,490)</u>	<u>(23,738)</u>
Contribution deficiency (excess)	<u>\$ (17,528)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	1.6119%	0.9170%	0.8708%	0.9082%

Notes to Schedule:

The District implemented GASB 75 in fiscal year 2018. Information for fiscal years prior to 2018 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Key Assumptions:

Long-term expected rate of return	0.00%	0.00%	0.00%	0.00%
Municipal bond index	2.45%	3.13%	3.62%	3.56%
Single equivalent discount rate	2.45%	3.13%	3.62%	3.56%
Inflation rate	2.50%	2.50%	2.75%	2.75%
Healthcare cost trend rates - initial	Medicare and Non-Medicare - 8.25%	Medicare - 9.00% Non-Medicare - 8.00%	Medicare - 9.00% Non-Medicare - 8.00%	Medicare - 9.00% Non-Medicare - 8.00%
Healthcare cost trend rates - ultimate	4.25%	4.50%	4.50%	4.50%
Mortality	RP-2014 Tables	RP-2014 Tables	RP-2014 Tables	RP-2014 Tables

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Revenues				
Local sources				
Summer school tuition from pupils or parents (in state)	\$ 82,025	\$ 24,775	\$ (57,250)	\$ 53,043
CTE - Tuition from pupils or parents (in state)	-	5,115	5,115	7,600
CTE - Tuition from other LEA's (in state)	5,261,188	5,157,916	(103,272)	4,966,181
Investment income	183,287	196,041	12,754	27,846
Fees	104,300	3,149	(101,151)	465
Other pupil activity revenue	14,500	90,048	75,548	113,961
Student activities	24,066	5,031	(19,035)	-
Sales - other	85,250	75,925	(9,325)	69,400
Rentals	341,883	337,778	(4,105)	340,630
Services provided other LEA's	201,680	195,747	(5,933)	201,826
Other	65,024	70,064	5,040	43,469
Total local sources	<u>6,363,203</u>	<u>6,161,589</u>	<u>(201,614)</u>	<u>5,824,421</u>
State sources				
CTE - Secondary program improvement	<u>2,128,507</u>	<u>2,847,945</u>	<u>719,438</u>	<u>2,186,014</u>
Total state sources	<u>2,128,507</u>	<u>2,847,945</u>	<u>719,438</u>	<u>2,186,014</u>
Federal sources				
CTE - Other	1,060,177	1,071,646	11,469	1,330,731
Other restricted revenue from federal sources	-	77,427	77,427	-
Total federal sources	<u>1,060,177</u>	<u>1,149,073</u>	<u>88,896</u>	<u>1,330,731</u>
Total revenues	<u>9,551,887</u>	<u>10,158,607</u>	<u>606,720</u>	<u>9,341,166</u>
Expenditures				
Instruction				
CTE programs				
Salaries	2,156,263	1,963,972	192,291	2,016,541
Employee benefits	548,128	477,706	70,422	462,887
Purchased services	151,521	89,652	61,869	61,089
Supplies and materials	506,407	400,754	105,653	504,979
Capital outlay	258,275	169,886	88,389	533,714
Other objects	5,155	1,202	3,953	1,999
Total	<u>3,625,749</u>	<u>3,103,172</u>	<u>522,577</u>	<u>3,581,209</u>
Summer school programs				
Salaries	52,308	39,904	12,404	45,745
Employee benefits	1,678	1,178	500	1,410
Supplies and materials	6,800	15,324	(8,524)	313
Total	<u>60,786</u>	<u>56,406</u>	<u>4,380</u>	<u>47,468</u>

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
Student activities				
Other objects	\$ 21,453	\$ 2,191	\$ 19,262	\$ -
Total	<u>21,453</u>	<u>2,191</u>	<u>19,262</u>	<u>-</u>
Total instruction	<u>3,707,988</u>	<u>3,161,769</u>	<u>546,219</u>	<u>3,628,677</u>
Support services				
Pupils				
Guidance services				
Salaries	53,546	53,546	-	51,486
Employee benefits	29,029	27,946	1,083	28,379
Purchased services	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>9,707</u>
Total	<u>92,575</u>	<u>81,492</u>	<u>11,083</u>	<u>89,572</u>
Health services				
Salaries	24,551	14,028	10,523	17,541
Employee benefits	27,132	2,849	24,283	3,177
Purchased services	60	-	60	7
Supplies and materials	3,340	3,193	147	2,856
Other objects	<u>100</u>	<u>-</u>	<u>100</u>	<u>80</u>
Total	<u>55,183</u>	<u>20,070</u>	<u>35,113</u>	<u>23,661</u>
Other support services - pupils				
Salaries	375,618	365,986	9,632	322,382
Employee benefits	143,777	119,017	24,760	96,378
Purchased services	7,800	2,042	5,758	6,096
Supplies and materials	4,500	4,616	(116)	5,111
Other objects	<u>1,000</u>	<u>35</u>	<u>965</u>	<u>305</u>
Total	<u>532,695</u>	<u>491,696</u>	<u>40,999</u>	<u>430,272</u>
Total pupils	<u>680,453</u>	<u>593,258</u>	<u>87,195</u>	<u>543,505</u>
Instructional staff				
Improvement of instructional services				
Salaries	134,411	126,414	7,997	145,840
Employee benefits	30,273	28,874	1,399	30,013
Purchased services	29,035	2,322	26,713	7,497
Supplies and materials	8,500	32	8,468	1,825
Other objects	<u>600</u>	<u>80</u>	<u>520</u>	<u>165</u>
Total	<u>202,819</u>	<u>157,722</u>	<u>45,097</u>	<u>185,340</u>

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		VARIANCE WITH FINAL BUDGET	2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Assessment and testing				
Purchased services	\$ 2,750	\$ 8,280	\$ (5,530)	\$ 2,750
Total	<u>2,750</u>	<u>8,280</u>	<u>(5,530)</u>	<u>2,750</u>
Total instructional staff	<u>205,569</u>	<u>166,002</u>	<u>39,567</u>	<u>188,090</u>
General administration				
Board of education services				
Purchased services	297,023	166,156	130,867	144,982
Supplies and materials	<u>2,000</u>	<u>1,431</u>	<u>569</u>	<u>775</u>
Total	<u>299,023</u>	<u>167,587</u>	<u>131,436</u>	<u>145,757</u>
Executive administration services				
Salaries	233,271	252,365	(19,094)	245,016
Employee benefits	99,768	75,598	24,170	73,683
Purchased services	12,966	418	12,548	5,570
Supplies and materials	2,600	946	1,654	1,126
Other objects	<u>3,000</u>	<u>1,844</u>	<u>1,156</u>	<u>1,945</u>
Total	<u>351,605</u>	<u>331,171</u>	<u>20,434</u>	<u>327,340</u>
Total general administration	<u>650,628</u>	<u>498,758</u>	<u>151,870</u>	<u>473,097</u>
School administration				
Office of the principal services				
Salaries	175,100	189,008	(13,908)	195,870
Employee benefits	75,605	58,645	16,960	56,637
Purchased services	8,400	930	7,470	7,073
Supplies and materials	6,471	9,559	(3,088)	5,424
Other objects	<u>1,700</u>	<u>944</u>	<u>756</u>	<u>499</u>
Total	<u>267,276</u>	<u>259,086</u>	<u>8,190</u>	<u>265,503</u>
Total school administration	<u>267,276</u>	<u>259,086</u>	<u>8,190</u>	<u>265,503</u>
Business				
Direction of business support services				
Salaries	185,766	200,747	(14,981)	190,277
Employee benefits	76,712	57,340	19,372	52,883
Purchased services	11,700	3,226	8,474	4,793
Supplies and materials	1,650	899	751	1,013
Other objects	<u>2,000</u>	<u>995</u>	<u>1,005</u>	<u>1,025</u>
Total	<u>277,828</u>	<u>263,207</u>	<u>14,621</u>	<u>249,991</u>
Fiscal services				
Salaries	40,499	39,327	1,172	39,319
Employee benefits	<u>5,752</u>	<u>6,658</u>	<u>(906)</u>	<u>6,746</u>
Total	<u>46,251</u>	<u>45,985</u>	<u>266</u>	<u>46,065</u>

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		VARIANCE WITH FINAL BUDGET	2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Operation and maintenance of plant services				
Salaries	\$ 224,774	\$ 223,651	\$ 1,123	\$ 221,548
Employee benefits	114,051	102,819	11,232	98,634
Purchased services	392,050	342,838	49,212	323,961
Supplies and materials	406,252	397,782	8,470	377,680
Capital outlay	202,821	58,502	144,319	170,366
Other objects	700	40	660	-
Total	<u>1,340,648</u>	<u>1,125,632</u>	<u>215,016</u>	<u>1,192,189</u>
Pupil transportation services				
Purchased services	100	-	100	-
Supplies and materials	150	-	150	-
Total	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Internal services				
Salaries	15,125	13,949	1,176	11,201
Employee benefits	3,238	1,067	2,171	857
Purchased services	103,550	68,160	35,390	67,058
Supplies and materials	12,000	15,084	(3,084)	5,587
Total	<u>133,913</u>	<u>98,260</u>	<u>35,653</u>	<u>84,703</u>
Total business	<u>1,798,890</u>	<u>1,533,084</u>	<u>265,806</u>	<u>1,572,948</u>
Central				
Information services				
Purchased services	80,040	10,212	69,828	11,326
Supplies and materials	1,700	60	1,640	982
Other objects	100	95	5	-
Total	<u>81,840</u>	<u>10,367</u>	<u>71,473</u>	<u>12,308</u>
Staff services				
Employee benefits	4,200	1,875	2,325	1,000
Supplies and materials	2,000	1,395	605	-
Total	<u>6,200</u>	<u>3,270</u>	<u>2,930</u>	<u>1,000</u>
Data processing services				
Salaries	126,289	122,132	4,157	111,707
Employee benefits	65,214	53,659	11,555	46,615
Purchased services	59,100	52,213	6,887	31,822
Supplies and materials	192,311	185,631	6,680	166,367
Capital outlay	177,361	201,424	(24,063)	70,197
Other objects	300	-	300	-
Total	<u>620,575</u>	<u>615,059</u>	<u>5,516</u>	<u>426,708</u>
Total central	<u>708,615</u>	<u>628,696</u>	<u>79,919</u>	<u>440,016</u>
Total support services	<u>4,311,431</u>	<u>3,678,884</u>	<u>632,547</u>	<u>3,483,159</u>

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		VARIANCE WITH FINAL BUDGET	2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Payments to other districts and governmental units				
Payments for CTE programs - transfers				
Other objects	\$ 1,529,855	\$ 1,614,153	\$ (84,298)	\$ 1,540,587
Total	<u>1,529,855</u>	<u>1,614,153</u>	<u>(84,298)</u>	<u>1,540,587</u>
Total payments to other districts and governmental units	<u>1,529,855</u>	<u>1,614,153</u>	<u>(84,298)</u>	<u>1,540,587</u>
Total expenditures	<u>9,549,274</u>	<u>8,454,806</u>	<u>1,094,468</u>	<u>8,652,423</u>
Net change in fund balance	<u>\$ 2,613</u>	1,703,801	<u>\$ 1,701,188</u>	688,743
Fund balance, beginning of year (as restated)		<u>12,352,429</u>		<u>11,561,219</u>
Fund balance, end of year		<u>\$ 14,056,230</u>		<u>\$ 12,249,962</u>

See Auditors' Report and Notes to Required Supplementary Information

**DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM
TRANSPORTATION FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		VARIANCE WITH FINAL BUDGET	2020 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support Services				
Business				
Pupil transportation services				
Supplies and materials	-	49	(49)	134
Total	-	49	(49)	134
Total business	-	49	(49)	134
Total support services	-	49	(49)	134
Total expenditures	-	49	(49)	134
Net change in fund balance	<u>\$ -</u>	(49)	<u>\$ (49)</u>	(134)
Fund balance, beginning of year		10,164		10,298
Fund balance, end of year		<u>\$ 10,115</u>		<u>\$ 10,164</u>

See Auditors' Report and Notes to Required Supplementary Information

DUPAGE AREA OCCUPATIONAL EDUCATION SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the Governmental Funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

The Board of Directors follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The Administration submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of an resolution.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. Management is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teachers Retirement System pension. The District does not budget for these amounts in the Educational Accounts of the General Fund. The differences between the budget and GAAP basis are as follows:

	<i>Revenues</i>	<i>Expenditures</i>
General Fund Budgetary Basis	\$ 10,158,607	\$ 8,454,806
To adjust for on-behalf payments received	1,192,004	-
To adjust for on-behalf payments made	-	1,192,004
General Fund GAAP Basis	<u>\$ 11,350,611</u>	<u>\$ 9,646,810</u>

Excess of Expenditures over Budget

For the year ended June 30, 2021, expenditures exceeded budget in the Transportation Fund by \$49. This excess was funded by available fund balance.

See Auditors' Report