

**Alsip, Hazelgreen and Oak Lawn  
School District 126  
Alsip, Illinois**

Annual Financial Report  
June 30, 2018

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### Financial Section (Continued)

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**Independent Auditor's Report**

RSM US LLP

Members of the Board of Education  
Alsip, Hazelgreen and Oak Lawn School District 126  
Alsip, Illinois

**Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alsip, Hazelgreen and Oak Lawn School District 126, Illinois (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alsip, Hazelgreen and Oak Lawn School District 126, Illinois, as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

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

**Other Matters***Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the budgetary comparison information, combining and individual fund financial statements, schedule of assessed valuations, tax rates, extensions and collections, and schedule of debt service requirements, and the other information, such as the schedules of employer contributions and the schedules of the employer's share of the net pension liability and the collective net OPEB liability are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RSM US LLP*

Chicago, Illinois  
September 25, 2018

## **Basic Financial Statements**

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

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Statement of Net Position - Modified Cash Basis**

**June 30, 2018**

	Governmental Activities
<hr/>	
<b>Assets</b>	
Cash and investments	\$ 47,892,990
Other assets	15,078
Capital assets not being depreciated	7,910,059
Capital assets being depreciated, net	<u>27,853,599</u>
<b>Total assets</b>	<u><u>\$ 83,671,726</u></u>
<b>Liabilities and Net Position</b>	
Liabilities:	
Payroll liabilities	<u>\$ 4,261</u>
Net position:	
Net investment in capital assets	35,763,658
Restricted for:	
Tort immunity	121,507
Transportation	2,966,671
Debt service	34,293
Retirement benefits	1,429,407
Capital improvements and maintenance	8,489,486
Unrestricted	<u>34,862,443</u>
<b>Total net position</b>	<u><u>83,667,465</u></u>
 <b>Total liabilities and net position</b>	 <u><u>\$ 83,671,726</u></u>

See notes to basic financial statements.



**Alsip, Hazelgreen and Oak Lawn School District 126**

**Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense),
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:				
Instruction:				
Regular programs	\$ 8,189,766	\$ 36,994	\$ -	\$ (8,152,772)
Special programs	2,682,932	-	1,117,022	(1,565,910)
Other instructional programs	1,112,951	-	420,452	(692,499)
Support services:				
Pupils	1,203,790	-	-	(1,203,790)
Instructional staff	568,474	-	67,378	(501,096)
General administration	684,127	-	-	(684,127)
School administration	1,186,448	-	-	(1,186,448)
Business	1,017,810	92,895	492,567	(432,348)
Central office	1,509,245	-	-	(1,509,245)
Transportation	771,901	-	481,239	(290,662)
Community services	17,049	-	32,407	15,358
Payments to other governments	840,060	-	-	(840,060)
Interest and fees	70,762	-	-	(70,762)
<b>Total governmental activities</b>	<b>\$ 21,270,977</b>	<b>\$ 129,889</b>	<b>\$ 2,611,065</b>	<b>(18,530,023)</b>
General revenues:				
Taxes:				
Real estate taxes				20,816,461
Corporate property replacement taxes				940,274
State aid-formula grants				2,489,921
Investment earnings				832,670
Other				187,109
<b>Total general revenues</b>				<b>25,266,435</b>
<b>Change in net position</b>				<b>6,736,412</b>
Net position:				
July 1, 2017				76,931,053
June 30, 2018				\$ 83,667,465

See notes to basic financial statements.

## **Fund Financial Statements (FFS)**

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Balance Sheet - Modified Cash Basis  
Governmental Funds  
June 30, 2018**

	Major Funds		Nonmajor	Total
	General	Debt Service	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Assets</b>				
Cash and investments	\$ 43,179,231	\$ 34,293	\$ 4,679,466	\$ 47,892,990
Other assets	15,051	-	27	15,078
<b>Total assets</b>	<b>\$ 43,194,282</b>	<b>\$ 34,293</b>	<b>\$ 4,679,493</b>	<b>\$ 47,908,068</b>
<b>Liabilities and Fund Balances</b>				
Liabilities,				
Other liabilities	\$ 4,261	\$ -	\$ -	\$ 4,261
Fund balances:				
Restricted for:				
Tort immunity	121,507	-	-	121,507
Transportation	-	-	2,966,671	2,966,671
Debt service	-	34,293	-	34,293
Retirement benefits	-	-	1,429,407	1,429,407
Capital improvements and maintenance	8,206,071	-	283,415	8,489,486
Committed	7,099,300	-	-	7,099,300
Unassigned	27,763,143	-	-	27,763,143
<b>Total fund balances</b>	<b>43,190,021</b>	<b>34,293</b>	<b>4,679,493</b>	<b>47,903,807</b>
<b>Total liabilities and fund balances</b>	<b>\$ 43,194,282</b>	<b>\$ 34,293</b>	<b>\$ 4,679,493</b>	<b>\$ 47,908,068</b>

See notes to basic financial statements.

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position - Modified Cash Basis  
June 30, 2018**

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Total fund balances - governmental funds	\$ 47,903,807
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	<u>35,763,658</u>
Net position of governmental activities	<u>\$ 83,667,465</u>

See notes to basic financial statements.

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**Year Ended June 30, 2018**

	Major Funds		Nonmajor	Total
	General	Debt Service	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues:				
Property taxes	\$ 18,728,885	\$ (32,320)	\$ 2,119,896	\$ 20,816,461
Corporate property replacement taxes	853,581	-	86,693	940,274
Charges for services	129,889	-	-	129,889
Unrestricted state aid	2,489,921	-	-	2,489,921
Restricted state aid	869,734	-	481,239	1,350,973
Restricted federal aid	1,260,092	-	-	1,260,092
Other	187,109	-	-	187,109
Interest	766,211	-	66,459	832,670
<b>Total revenues</b>	<b>25,285,422</b>	<b>(32,320)</b>	<b>2,754,287</b>	<b>28,007,389</b>
Expenditures:				
Current:				
Instruction:				
Regular programs	7,427,452	-	135,759	7,563,211
Special programs	2,408,422	-	69,253	2,477,675
Other instructional programs	1,010,074	-	17,731	1,027,805
Support services:				
Pupils	1,075,495	-	36,200	1,111,695
Instructional staff	524,983	-	-	524,983
General administration	620,621	-	11,167	631,788
School administration	1,056,007	-	39,672	1,095,679
Business	800,210	-	139,733	939,943
Transportation	-	-	771,901	771,901
Operations and maintenance	1,307,357	-	-	1,307,357
Central office	1,358,453	-	35,327	1,393,780
Community services	15,635	-	109	15,744
Payments to other governments	840,060	-	-	840,060
Debt service:				
Principal	-	3,515,000	-	3,515,000
Interest and charges	-	70,763	-	70,763
Capital outlay	9,610,372	-	45	9,610,417
<b>Total expenditures</b>	<b>28,055,141</b>	<b>3,585,763</b>	<b>1,256,897</b>	<b>32,897,801</b>
Excess (dediciency) of revenues over (under) expenditures	(2,769,719)	(3,618,083)	1,497,390	(4,890,412)
Other financing sources (uses):				
Transfers in	15,000,000	3,200,000	-	18,200,000
Transfers (out)	(18,200,000)	-	-	(18,200,000)
<b>Total other financing sources (uses)</b>	<b>(3,200,000)</b>	<b>3,200,000</b>	<b>-</b>	<b>-</b>
<b>Change in fund balances</b>	<b>(5,969,719)</b>	<b>(418,083)</b>	<b>1,497,390</b>	<b>(4,890,412)</b>
Fund balances:				
July 1, 2017	49,159,740	452,376	3,182,103	52,794,219
June 30, 2018	\$ 43,190,021	\$ 34,293	\$ 4,679,493	\$ 47,903,807

See notes to basic financial statements.

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2018**

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Net change in fund balances—total governmental funds	\$ (4,890,412)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlay exceeded depreciation expense for the current period:	
Capital outlay	9,359,216
Depreciation expense	(1,247,392)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond principal retirement	<u>3,515,000</u>
Change in net position of governmental activities	<u>\$ 6,736,412</u>

See notes to basic financial statements.

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Statement of Fiduciary Assets and Liabilities - Modified Cash Basis**

**Agency Fund**

**June 30, 2018**

	<u>Agency Student Activity Fund</u>
<b>Assets</b> , cash	<u><u>\$ 79,251</u></u>
<b>Liabilities</b> , due to activity fund organizations	<u><u>\$ 79,251</u></u>

See notes to basic financial statements.

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies**

**Nature of Operations**

Alsip, Hazelgreen and Oak Lawn School District 126 (the District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the communities of Alsip and Oak Lawn, Illinois.

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

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

**Financial Reporting Entity**

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

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

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

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

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

**Basis of Presentation**

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

The Statement of Net Position – modified cash basis presents the District's non-fiduciary assets and liabilities arising out of cash transactions with the difference reported as net position.



## Notes to Basic Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

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

Fiduciary funds are excluded from the government-wide financial statements.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds. Additionally, the District administers an agency fund that is used to account for assets held by the District in an agency capacity. These funds are held on behalf of the students of the District.

The District administers the following major governmental funds:

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

**Debt Service Fund** – Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt from governmental funds.

#### Measurement Focus and Basis of Accounting

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

#### **Measurement Focus**

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

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

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

***Basis of Accounting***

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

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

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

**Significant Accounting Policies**

***Cash and Investments***

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

***Interfund Receivables, Payables, and Activity***

The District, at times, has the following types of transactions between funds:

**Loans** – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are eliminated in the government-wide statement of net position.

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

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

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Significant Accounting Policies (Continued)**

***Capital Assets***

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

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, if applicable, are recorded at acquisition value.

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

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

Buildings and Improvements	40 years
Equipment	3-5 years

***Compensated Absences***

Certified employees working less than 12 months a year do not earn vacation days, however, noncertified, full-time employees earn 5 to 30 vacation days depending on years of service which are accumulated.

All full-time employees receive 12 sick days per year with unlimited accumulation. These accumulated sick days do not vest; however, full-time employees may receive \$30 or \$50 per day of unused sick days upon resignation or retirement, respectively.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums and discounts are capitalized and amortized over the life of the respective bonds using a method that approximates the effective interest method. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures when incurred.

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

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Significant Accounting Policies (Continued)**

***Net Position***

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

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

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

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

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

***Fund Balances***

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

***Nonspendable*** – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2018, the District has no nonspendable fund balances.

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

***Committed*** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. As of June 30, 2018, \$7,099,300 has been committed for building and building improvements throughout the District.

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Significant Accounting Policies (Continued)**

**Assigned** – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned. At June 30, 2018, the District has no assigned fund balances.

**Unassigned** – includes the residual fund balance that has not been restricted, committed, or assigned to specific purposes.

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

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the General Fund educational account or abate the fund to any fund of the District in need. At June 30, 2018, the District had working cash stabilization fund balances of \$5,873,784 that have been classified as unassigned fund balances in the General Fund.

**Property Taxes**

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2017 tax levy was passed by the Board of Education on November 9, 2017, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2018 and are collected by the county treasurer, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

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

Notes to Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Significant Accounting Policies (Continued)**

***Eliminations and Reclassifications***

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

***Use of Estimates***

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

**Note 2. Budgets and Budgetary Information**

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with the modified cash basis of accounting at the fund level. All budgets lapse at fiscal year-end.

On or before July 1 of each year, the Superintendent is to submit for review by the Board of Education a proposed budget for the school year commencing on that date. After reviewing the proposed budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30.

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

**Note 3. Cash and Investments**

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

**Deposits**

State statutes authorize the District to make deposits directly or through its Township Trustees in interest-bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of June 30, 2018, the District had petty cash of \$157. Additionally, the Activity Fund Organizations, presented in the financial statements as an agency fund, had deposits with federally insured financial institutions of \$79,251 with bank balances totaling \$81,466.

*Custodial Credit Risk – Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the Trustees' deposits may not be returned to it. As of June 30, 2018, none of the District's bank balances were exposed to custodial credit risk because they were uninsured or uncollateralized.

## Alsip, Hazelgreen and Oak Lawn School District 126

### Notes to Basic Financial Statements

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#### Note 3. Cash and Investments (Continued)

##### Investments

As of June 30, 2018, the District had the following investments:

Investment Type	Cost
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 47,892,833</u>

Of the total pooled cash and investments held by Worth Township Trustees, maturities are approximately as follows: less than 1 year (16.18 percent), 1 to 5 years (49.59 percent), 6-10 years (15.04 percent), and greater than 10 years (19.19 percent). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FHLMC (Freddie Mac), GNMA (Ginnie Mae), Illinois School District Liquid Asset Fund Plus (ISDLAF+), Municipal Bonds, Commercial paper and Illinois Funds.

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

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

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

*Concentration of Credit Risk* - The District investment policy requires that the investment portfolio is diversified as to materials and investments, as appropriate to the nature, purpose, and amounts of the funds. The policy does not limit the investments in any single issuer.

*Custodial Credit Risk – Investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Information related to the interest rate risk, credit risk, concentration of credit risk and custodial credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, Illinois 60453, which issues a financial report that includes financial statements and supplementary information. This report can also be obtained online at [www.worthtst.org/Public\\_Documents.html](http://www.worthtst.org/Public_Documents.html).

## Alsip, Hazelgreen and Oak Lawn School District 126

### Notes to Basic Financial Statements

#### Note 3. Cash and Investments (Continued)

The above deposits and investments with a total carrying value of \$47,972,241 are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	\$ 47,892,990
Statement of Fiduciary Assets and Liabilities (FFS)	79,251
	<u>\$ 47,972,241</u>

#### Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Decreases/ Retirements	Balance June 30, 2018
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 243,000	\$ -	\$ -	\$ 243,000
Construction in progress	1,061,771	7,667,059	1,061,771	7,667,059
<b>Total capital assets not being depreciated</b>	<b>1,304,771</b>	<b>7,667,059</b>	<b>1,061,771</b>	<b>7,910,059</b>
Capital Assets, being depreciated:				
Buildings and improvements	35,594,208	2,049,323	-	37,643,531
Equipment	1,912,618	704,605	-	2,617,223
<b>Total capital assets being depreciated</b>	<b>37,506,826</b>	<b>2,753,928</b>	<b>-</b>	<b>40,260,754</b>
Less accumulated depreciation:				
Buildings and improvements	10,047,152	816,287	-	10,863,439
Equipment	1,112,611	431,105	-	1,543,716
<b>Total accumulated depreciation</b>	<b>11,159,763</b>	<b>1,247,392</b>	<b>-</b>	<b>12,407,155</b>
<b>Total capital assets being depreciated, net</b>	<b>26,347,063</b>	<b>1,506,536</b>	<b>-</b>	<b>27,853,599</b>
Governmental activities				
Capital assets, net	<u>\$ 27,651,834</u>	<u>\$ 9,173,595</u>	<u>\$ 1,061,771</u>	<u>\$ 35,763,658</u>



## Alsip, Hazelgreen and Oak Lawn School District 126

### Notes to Basic Financial Statements

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#### Note 4. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 763,252
Support services	483,054
Community services	3
	<hr/>
	\$ 1,246,309
	<hr/>

#### Note 5. Long-Term Debt

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	General Obligation Bonds
	<hr/>
Balance, July 1, 2017	\$ 3,515,000
Bond retirement	(3,515,000)
	<hr/>
Balance, June 30, 2018	\$ -
	<hr/>

The District's estimated legal debt limitation of \$35,277,917 is based on 6.9 percent of the 2017 equalized assessed valuation of \$511,274,160 less outstanding debt of \$0 results in a legal debt margin of \$35,277,917 as of June 30, 2018.

#### Note 6. Retirement Fund Commitments

##### Teachers' Retirement System

##### Plan Description

The District 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 <http://trsil.org/financial/cafrs/fy2017>; 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. Disability and death benefits are also provided.

Notes to Basic Financial Statements

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**Note 6. Retirement Fund Commitments (Continued)**

**Teachers' Retirement System (Continued)**

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 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. The earliest possible implementation date is July 1, 2019.

**Contributions**

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

*On behalf contributions to TRS.* The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, State of Illinois contributions in the amount of \$3,890,243 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the employer.

*2.2 formula contributions.* Employers contribute 0.58 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, 2018, were \$55,650.

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

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$279,981 were paid from federal and special trust funds that required employer contributions of \$28,278.

Notes to Basic Financial Statements

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**Note 6. Retirement Fund Commitments (Continued)**

**Teachers' Retirement System (Continued)**

Contributions (Continued)

*Employer retirement cost contributions.* Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer ERO contributions.

The employer 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. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period.

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

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

**Illinois Municipal Retirement**

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The district plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

## Alsip, Hazelgreen and Oak Lawn School District 126

### Notes to Basic Financial Statements

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#### Note 6. Retirement Fund Commitments (Continued)

##### Illinois Municipal Retirement (Continued)

###### Benefits Provided

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

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

###### Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	254
Inactive Plan Members entitled to but not yet received benefits	151
Active Plan Members	85
<b>Total</b>	<u><u>490</u></u>

###### Contributions

As set by statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ended December 31, 2017 and 2016, were 10.88 percent and 11.69 percent, respectively. For fiscal year 2018, the District contributed \$188,980 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

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

The District's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

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

Notes to Basic Financial Statements

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**Note 7. Post Employment Healthcare Plans**

The District participates in two postemployment insurance plans: Teachers' Health Insurance Security Fund and a District provided postemployment healthcare plan.

**Teachers' Health Insurance Security Fund**

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

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

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

*Contributions.* The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2018, required contributions are as follows:

- Active members contribute 1.18 percent of covered payroll.
- Employers contribute 0.88 percent of covered payroll. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2018, the employer paid \$84,429 to the THIS Fund, which was 100 percent of the required contribution.
- The State of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The State contributed 1.18 percent of covered payroll. For the year ended June 30, 2018, State of Illinois contributions on behalf of the District's employees were \$113,212.
- Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0 percent per year by statute. The Federal Government provides a Medicare Part D subsidy.

Notes to Basic Financial Statements

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**Note 7. Post Employment Healthcare Plans (Continued)**

**Teachers' Health Insurance Security Fund (Continued)**

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

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as June 30, 2016, and rolled forward to June 30, 2017. The employer's proportionate share of the net OPEB liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the contributions of all participating employers and the State during that period.

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

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

**District Provided OPEB Plan**

*Plan Description.* The District provides postemployment health care benefits (OPEB) in the form of medical coverage (including prescription drug coverage) to eligible retired employees and their dependents during the life of the retiree. Retirees pay 100 percent of the premium, which is an amount provided by the insurance provider. The Certified staff upon retirement have a choice either to remain in the District plan or cease coverage with the District and enroll in the Illinois Teachers Retirement Insurance Program plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The current eligibility criteria for retirees is as follows: employees must be enrolled in the active medical plan immediately prior to retiring. Illinois Municipal Retirement Fund employees must be eligible for benefits upon meeting the qualifications necessary to receive an IMRF annuity upon the completion of 8 years of service credit, and be at least age 55. Teachers' Retirement System employees need 10 years of service credit and be at least age 60, 20 years of service credit and be at least age 55, or 5 years of service credit and be at least age 62. This plan is a single employer defined benefit plan. The plan does not issue a separate report.

*Funding Status, Policy and Contributions.* The contribution requirements of plan members and the District are established and may be amended by the District and are detailed in the personnel manual. The District funds the plan on a pay-as-you-go basis. For fiscal year 2018, the District did not contribute to the plan. At June 30, 2018, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

*Annual OPEB costs and Net OPEB Obligation.* Since the District's financial statements have been prepared using a modified cash basis of accounting as discussed in Note 1, only contributions made to the OPEB plan are recorded as expense in the accompanying financial statements.

The District has not engaged an actuary to determine the *annual required contribution* (ARC) to the OPEB plan. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45 that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Additionally, since the net OPEB obligation does not arise out of a cash transaction, it is not recorded in the accompanying financial statements. The amount of the net OPEB obligation has not been determined.

**Notes to Basic Financial Statements**

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**Note 8. Risk Management**

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

The District participates in the School Employees Loss Fund (SELF) for its workers' compensation coverages, the Suburban School Cooperative Insurance Pool (SSCIP) for its general liability and property insurance, and the Educational Benefits Cooperative (EBC) for its health insurance. SELF, SSCIP and EBC are organizations of school districts in Illinois which have formed associations under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs.

The participation agreement provides that SSCIP and EBC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in aggregate for general liability and property insurance and \$100,000 per occurrence and approximately \$7,200,000 in aggregate for health insurance. The SELF pool purchases commercial insurance for its workers' compensation coverage through member premiums. The District, along with other members of SELF, has a contractual obligation to fund any premium deficiency of SELF attributable to a membership year during which it was a member. SELF, SSCIP, or EBC can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District has not made any supplemental payments to the SELF, SSCIP, or EBC.

Each District appoints one delegate to represent the District on the Board of Directors of SSCIP and EBC. The District also has a member on the executive board of SELF. The District does not exercise any control over the activities of the pool beyond its representation on the Board of Directors.

**Note 9. Contingencies**

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

**Note 10. Commitments**

As of June 30, 2018, the District has certain construction commitments totaling approximately \$14,700,000.

***Cook County Economic Incentives***

The Cook County Assessor's Office, in conjunction with municipalities located within Cook County and within the District's boundaries, encourage certain industrial and commercial development by offering real estate tax incentive programs (such as Class 6a, 6b, 7 and 8) for the development of new industrial facilities, the rehabilitation of existing industrial structures, and industrial utilization of abandoned buildings or areas experiencing severe stagnation. These programs offer qualified properties a reduced equalized assessed valuation for up to 12 years. The District estimates its portion of annual abatement of property taxes to various local companies under this development incentive approximates \$1.4 million.

## Alsip, Hazelgreen and Oak Lawn School District 126

### Notes to Basic Financial Statements

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#### Note 11. Other Financial Disclosures (FFS Level Only)

Other information related to individual funds includes the following:

Interfund transfers

Transfers for the year ended June 30, 2018 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General	\$ 15,000,000	\$ 18,200,000
Debt Service	3,200,000	-
	<u>\$ 18,200,000</u>	<u>\$ 18,200,000</u>

Interfund transfers are to assist with construction costs, as well as provide for payments on debt obligations in the Debt Service Fund.

Budget overexpenditures

The Fire Prevention and Safety Fund exceeded its budget by \$45.

#### Note 12. Pronouncements Issued But Not Yet Adopted

The following is a description of the GASB authoritative pronouncement which has been issued but not yet adopted by the District. Management has not yet determined the impact this statement will have.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its year ended June 30, 2020. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowing Placements*, will be effective for the District beginning with its year ended June 30, 2020. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.



Notes to Basic Financial Statements

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**Note 12. Pronouncements Issued But Not Yet Adopted (Continued)**

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the District beginning with its year ended June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements 14 and 61*, will be effective for the District beginning with its year ended June 30, 2020. This statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously were reported inconsistently. In addition, it requires reporting of information about component units if the government acquires 100 percent equity interest in the component unit.

## Other Information

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Schedule of Employer Contributions  
Illinois Municipal Retirement Fund**

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 247,227	\$ 261,145	\$ (13,918)	\$ 2,272,309	11.49%
2016	262,660	1,762,661	(1,500,001)	2,246,879	78.45%
2015	272,183	272,182	1	2,240,192	12.15%
2014	276,704	253,324	27,960	2,066,746	12.26%

**Note to schedule:** Detailed information and the summary of actuarial methods and assumptions used in the calculation of the contribution rate are available at the District's administrative offices.

**Alsip, Hazelgreen and Oak Lawn School District 126**

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

Calendar Year Ended December 31,	2017	2016	2015	2014
<b>A. Total pension liability</b>				
1. Service cost	\$ 262,282	\$ 265,102	\$ 243,747	\$ 245,612
2. Interest on the Total Pension Liability	1,170,875	1,150,341	1,117,228	1,048,075
3. Changes of benefit terms	-	-	-	-
4. Difference between expected and actual experience of the Total Pension Liability	196,809	(100,251)	75,801	(9,337)
5. Changes of assumptions	(524,082)	(49,397)	32,898	619,422
6. Benefit payments, including refunds of employee contributions	(1,087,184)	(1,017,226)	(977,052)	(944,746)
7. Net change in total pension liability	18,700	248,569	492,622	959,026
8. Total pension liability - beginning	16,024,111	15,775,542	15,282,920	14,323,894
9. Total pension liability - ending	<u>\$ 16,042,811</u>	<u>\$ 16,024,111</u>	<u>\$ 15,775,542</u>	<u>\$ 15,282,920</u>
<b>B. Plan fiduciary net position</b>				
1. Contributions - employer	\$ 261,145	\$ 1,762,661	\$ 272,182	\$ 253,324
2. Contributions - employee	107,627	101,156	101,091	91,631
3. Net investment income	2,984,542	989,570	71,843	853,732
4. Benefit payments, including refunds of employee contributions	(1,087,184)	(1,017,226)	(977,052)	(944,746)
5. Other (net transfer)	(347,952)	125,546	154,278	121,005
6. Net change in plan fiduciary net position	1,918,178	1,961,707	(377,658)	374,946
7. Plan fiduciary net position - beginning	16,254,489	14,292,782	14,670,440	14,295,494
8. Plan fiduciary net position - ending	<u>\$ 18,172,667</u>	<u>\$ 16,254,489</u>	<u>\$ 14,292,782</u>	<u>\$ 14,670,440</u>
<b>C. Net pension liability</b>	<u>\$ (2,129,856)</u>	<u>\$ (230,378)</u>	<u>\$ 1,482,760</u>	<u>\$ 612,480</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	113.28%	101.44%	90.60%	95.99%
<b>E. Covered valuation payroll</b>	\$ 2,272,309	\$ 2,246,879	\$ 2,240,192	\$ 2,033,097
<b>F. Net pension liability as a percentage of covered valuation payroll</b>	-93.72%	-10.25%	66.19%	30.13%

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

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

**Alsip, Hazelgreen and Oak Lawn School District 126**

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

For the fiscal year ending	2018	2017	2016	2015
Contractually-required contribution	\$ 83,925	\$ 181,320	\$ 122,656	\$ 91,697
Contributions in relation to the contractually-required contribution	103,640	181,320	122,656	91,697
Contribution deficiency (excess)	<u>\$ (19,715)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 9,252,371	\$ 9,252,371	\$ 9,252,371	\$ 9,034,319
Contributions as a percentage of covered-employee payroll	1.12%	1.96%	1.33%	0.99%

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

For the fiscal year ending	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.0044%	0.0033%	0.0023%	0.0026%
Employer's proportionate share of the net pension liability	\$ 3,362,283	\$ 2,572,573	\$ 1,525,365	\$ 1,564,071
State's proportionate share of the net pension liability associated the employer	69,673,603	73,028,344	59,966,400	55,733,734
Total	<u>\$ 73,035,886</u>	<u>\$ 75,600,917</u>	<u>\$ 61,491,765</u>	<u>\$ 57,297,805</u>
Employer's covered-employee payroll	\$ 9,252,371	\$ 9,252,371	\$ 9,252,371	\$ 9,252,371
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.67%	12.24%	15.05%	16.15%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.40%	41.47%	43.00%

**Note to schedule:** Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <http://www.trsil.org/default/files/documents/GASB2017.pdf>

**Alsip, Hazelgreen and Oak Lawn School District 126**

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

For the fiscal year ending	2018
Contractually-required contribution	\$ 197,641
Contributions in relation to the statutorily-required contribution	197,652
Contribution (excess) deficiency	<u>\$ (11)</u>
Employer's employee covered payroll	\$ 9,594,230
Contributions as a percentage of covered-employee payroll	2.06%

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

For the fiscal year ending*	2018
Employer's proportion of the collective net OPEB liability	0.037564%
Employer's proportionate share of the collective net OPEB liability	\$ 9,747,712
The portion of the State's proportionate share amount of the collective net OPEB liability associated with the employer	10,615,118
Total	<u>\$ 20,362,830</u>
Employee covered payroll	\$ 9,410,162
Collective net OPEB liability as a percentage of the employee covered payroll	103.6%
Plan fiduciary net position as a percentage of the total pension liability	0.0%

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

**Notes to Schedules**

The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

## **Supplementary Information**

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Modified Cash Basis  
General Fund - Budgetary Basis  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 19,040,394	\$ 18,728,885	\$ (311,509)
Corporate property replacement taxes	714,086	853,581	139,495
Charges for services	101,500	129,889	28,389
Unrestricted state aid	1,501,696	2,489,921	988,225
Restricted state aid	846,789	869,734	22,945
Restricted federal aid	1,190,491	1,260,092	69,601
Other	135,000	187,109	52,109
Interest	486,000	766,211	280,211
<b>Total revenues</b>	<b>24,015,956</b>	<b>25,285,422</b>	<b>1,269,466</b>
Expenditures:			
Current:			
Instruction:			
Regular programs	7,789,401	7,427,452	361,949
Special programs	2,682,788	2,408,422	274,366
Other instructional programs	1,217,603	1,010,074	207,529
Support services:			
Pupils	1,059,727	1,075,495	(15,768)
Instructional staff	623,424	524,983	98,441
General administration	784,736	620,621	164,115
School administration	1,040,381	1,056,007	(15,626)
Central office	1,244,786	1,358,453	(113,667)
Business	1,034,366	800,210	234,156
Operations and maintenance	1,807,597	1,307,357	500,240
Community services	22,460	15,635	6,825
Payments to other governments	1,035,840	840,060	195,780
Capital outlay	10,192,000	9,610,372	581,628
<b>Total expenditures</b>	<b>30,535,109</b>	<b>28,055,141</b>	<b>2,479,968</b>
(Deficiency) of revenues (under) expenditures	<u>(6,519,153)</u>	<u>(2,769,719)</u>	<u>(1,210,502)</u>
Other financing sources (uses):			
Transfers in	15,000,000	15,000,000	15,000,000
Transfers (out)	(18,200,000)	(18,200,000)	(18,200,000)
<b>Total other financing sources (uses)</b>	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>
<b>Change in fund balance</b>	<u><u>\$ (9,719,153)</u></u>	<u>(5,969,719)</u>	<u><u>\$ (4,410,502)</u></u>
Fund balance:			
June 30, 2017		<u>49,159,740</u>	
June 30, 2018		<u><u>\$ 43,190,021</u></u>	



Alsip, Hazelgreen and Oak Lawn School District 126

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

**Debt Service Fund**

**Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 5,000	\$ (32,320)	(37,320)
<b>Total revenues</b>	<u>5,000</u>	<u>(32,320)</u>	<u>(37,320)</u>
Expenditures:			
Debt service:			
Principal	3,515,000	3,515,000	-
Interest and charges	136,112	70,763	65,349
<b>Total expenditures</b>	<u>3,651,112</u>	<u>3,585,763</u>	<u>65,349</u>
(Deficiency) of revenues (under) expenditures	<u>(3,646,112)</u>	<u>(3,618,083)</u>	<u>28,029</u>
Other financing sources:			
Transfers in	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>
<b>Change in fund balance</b>	<u><u>\$ (446,112)</u></u>	<u>(418,083)</u>	<u><u>\$ 28,029</u></u>
Fund balance:			
July 1, 2017		<u>452,376</u>	
June 30, 2018		<u><u>\$ 34,293</u></u>	

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Combining Balance Sheet - Modified Cash Basis**

**General Fund, By Accounts**

**June 30, 2018**

	Educational Account	Operations and Maintenance Account	Tort Account	Working Cash Account	Total
<b>Assets</b>					
Cash and investments	\$ 28,992,920	\$ 8,191,088	\$ 121,439	\$ 5,873,784	\$ 43,179,231
Other assets	-	14,983	68	-	15,051
<b>Total assets</b>	<u>\$ 28,992,920</u>	<u>\$ 8,206,071</u>	<u>\$ 121,507</u>	<u>\$ 5,873,784</u>	<u>\$ 43,194,282</u>
<b>Liabilities and Fund Balance</b>					
Other liabilities	\$ 4,261	\$ -	\$ -	\$ -	\$ 4,261
Fund Balance:					
Restricted	-	8,206,071	121,507	-	8,327,578
Committed	7,099,300	-	-	-	7,099,300
Unassigned	21,889,359	-	-	5,873,784	27,763,143
<b>Total fund balance</b>	<u>28,988,659</u>	<u>8,206,071</u>	<u>121,507</u>	<u>5,873,784</u>	<u>43,190,021</u>
<b>Total liabilities and fund balance</b>	<u>\$ 28,992,920</u>	<u>\$ 8,206,071</u>	<u>\$ 121,507</u>	<u>\$ 5,873,784</u>	<u>\$ 43,194,282</u>

Alsip, Hazelgreen and Oak Lawn School District 126

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Modified Cash Basis  
General Fund, By Accounts  
Year Ended June 30, 2018**

	Educational Account	Operations and Maintenance Account	Tort Account	Working Cash Account	Total
<b>Revenues:</b>					
Property taxes	\$ 16,015,491	\$ 2,231,064	\$ 277,820	\$ 204,510	\$ 18,728,885
Corporate property replacement taxes	853,581	-	-	-	853,581
Charges for services	116,144	13,745	-	-	129,889
Unrestricted state aid	2,489,921	-	-	-	2,489,921
Restricted state aid	869,734	-	-	-	869,734
Restricted federal aid	1,260,092	-	-	-	1,260,092
Other	187,109	-	-	-	187,109
Interest	632,360	41,718	3,903	88,230	766,211
<b>Total revenues</b>	<b>22,424,432</b>	<b>2,286,527</b>	<b>281,723</b>	<b>292,740</b>	<b>25,285,422</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular programs	7,427,452	-	-	-	7,427,452
Special programs	2,408,422	-	-	-	2,408,422
Other instructional programs	1,010,074	-	-	-	1,010,074
<b>Support services:</b>					
Pupils	1,075,495	-	-	-	1,075,495
Instructional staff	524,983	-	-	-	524,983
General administration	384,191	-	236,430	-	620,621
School administration	1,056,007	-	-	-	1,056,007
Central office	1,358,453	-	-	-	1,358,453
Business	800,210	-	-	-	800,210
Operations and maintenance	-	1,307,357	-	-	1,307,357
Community services	15,635	-	-	-	15,635
Payments to other governments	840,060	-	-	-	840,060
Capital outlay	321,287	8,984,747	304,338	-	9,610,372
<b>Total expenditures</b>	<b>17,222,269</b>	<b>10,292,104</b>	<b>540,768</b>	<b>-</b>	<b>28,055,141</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,202,163</b>	<b>(8,005,577)</b>	<b>(259,045)</b>	<b>292,740</b>	<b>(2,769,719)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	15,000,000	-	-	15,000,000
Transfers (out)	(18,200,000)	-	-	-	(18,200,000)
<b>Total other financing sources (uses)</b>	<b>(18,200,000)</b>	<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>(3,200,000)</b>
<b>Change in fund balance</b>	<b>(12,997,837)</b>	<b>6,994,423</b>	<b>(259,045)</b>	<b>292,740</b>	<b>(5,969,719)</b>
<b>Fund balance:</b>					
July 1, 2017	41,986,496	1,211,648	380,552	5,581,044	49,159,740
June 30, 2018	\$ 28,988,659	\$ 8,206,071	\$ 121,507	\$ 5,873,784	\$ 43,190,021

Alsip, Hazelgreen and Oak Lawn School District 126

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis**  
**Budget and Actual**  
**General Fund, By Accounts**  
**Year Ended June 30, 2018**

	Educational Account		Operations and Maintenance Account		Tort Account		Working Cash Account		Total	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original Budget	Actual
Revenues:										
Property taxes	\$ 16,307,572	\$ 16,015,491	\$ 2,248,832	\$ 2,231,064	\$ 280,096	\$ 277,820	\$ 203,894	\$ 204,510	\$ 19,040,394	\$ 18,728,885
Corporate property replacement taxes	714,086	853,581	-	-	-	-	-	-	714,086	853,581
Charges for services	86,500	116,144	15,000	13,745	-	-	-	-	101,500	129,889
Unrestricted state aid	1,501,696	2,489,921	-	-	-	-	-	-	1,501,696	2,489,921
Restricted state aid	846,789	869,734	-	-	-	-	-	-	846,789	869,734
Restricted federal aid	1,190,491	1,260,092	-	-	-	-	-	-	1,190,491	1,260,092
Other	135,000	187,109	-	-	-	-	-	-	135,000	187,109
Interest	400,000	632,360	20,000	41,718	6,000	3,903	60,000	88,230	486,000	766,211
<b>Total revenues</b>	<b>21,182,134</b>	<b>22,424,432</b>	<b>2,283,832</b>	<b>2,286,527</b>	<b>286,096</b>	<b>281,723</b>	<b>263,894</b>	<b>292,740</b>	<b>24,015,956</b>	<b>25,285,422</b>
Expenditures:										
Current:										
Instruction:										
Regular programs	7,789,401	7,427,452	-	-	-	-	-	-	7,789,401	7,427,452
Special programs	2,682,788	2,408,422	-	-	-	-	-	-	2,682,788	2,408,422
Other instructional programs	1,217,603	1,010,074	-	-	-	-	-	-	1,217,603	1,010,074
Support services:										
Pupils	1,059,727	1,075,495	-	-	-	-	-	-	1,059,727	1,075,495
Instructional staff	623,424	524,983	-	-	-	-	-	-	623,424	524,983
General administration	459,736	384,191	-	-	325,000	236,430	-	-	784,736	620,621
School administration	1,040,381	1,056,007	-	-	-	-	-	-	1,040,381	1,056,007
Central Office	1,244,786	1,358,453	-	-	-	-	-	-	1,244,786	1,358,453
Business	1,034,366	800,210	-	-	-	-	-	-	1,034,366	800,210
Operations and maintenance	-	-	1,807,597	1,307,357	-	-	-	-	1,807,597	1,307,357
Community services	22,460	15,635	-	-	-	-	-	-	22,460	15,635
Payments to other governments	1,035,840	840,060	-	-	-	-	-	-	1,035,840	840,060
Capital outlay	842,000	321,287	9,200,000	8,984,747	150,000	304,338	-	-	10,192,000	9,610,372
<b>Total expenditures</b>	<b>19,052,512</b>	<b>17,222,269</b>	<b>11,007,597</b>	<b>10,292,104</b>	<b>475,000</b>	<b>540,768</b>	<b>-</b>	<b>-</b>	<b>30,535,109</b>	<b>28,055,141</b>
Excess (deficiency) of revenues over (under) expenditures	2,129,622	5,202,163	(8,723,765)	(8,005,577)	(188,904)	(259,045)	263,894	292,740	(6,519,153)	(2,769,719)
Other financing sources:										
Transfers in	-	-	15,000,000	15,000,000	-	-	-	-	15,000,000	15,000,000
Transfers (out)	(18,200,000)	(18,200,000)	-	-	-	-	-	-	(18,200,000)	(18,200,000)
<b>Total other financing sources (uses)</b>	<b>(18,200,000)</b>	<b>(18,200,000)</b>	<b>15,000,000</b>	<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,200,000)</b>	<b>(3,200,000)</b>
<b>Change in fund balance</b>	<b>\$ (16,070,378)</b>	<b>(12,997,837)</b>	<b>\$ 6,276,235</b>	<b>6,994,423</b>	<b>\$ (188,904)</b>	<b>(259,045)</b>	<b>\$ 263,894</b>	<b>292,740</b>	<b>\$ (9,719,153)</b>	<b>(5,969,719)</b>
Fund balance:										
July 1, 2017		41,986,496		1,211,648		380,552		5,581,044		49,159,740
June 30, 2018		<u>\$ 28,988,659</u>		<u>\$ 8,206,071</u>		<u>\$ 121,507</u>		<u>\$ 5,873,784</u>		<u>\$ 43,190,021</u>

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Combining Balance Sheet - By Fund Type - Modified Cash Basis**

**Nonmajor Governmental Funds**

**June 30, 2018**

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	Transportation	Municipal Retirement / Social Security	Fire Prevention and Safety	Nonmajor Governmental
	Fund	Fund	Fund	Funds
<b>Assets</b>				
Cash and investments	\$ 2,966,671	\$ 1,429,380	\$ 283,415	\$ 4,679,466
Other assets	-	27	-	27
<b>Total assets</b>	<b>\$ 2,966,671</b>	<b>\$ 1,429,407</b>	<b>\$ 283,415</b>	<b>\$ 4,679,493</b>
<b>Liabilities and Fund Balances</b>				
Fund Balances:				
Restricted	\$ 2,966,671	\$ 1,429,407	\$ 283,415	\$ 4,679,493
<b>Total liabilities and fund balances</b>	<b>\$ 2,966,671</b>	<b>\$ 1,429,407</b>	<b>\$ 283,415</b>	<b>\$ 4,679,493</b>

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
By Fund Type - Modified Cash Basis  
Nonmajor Governmental Funds  
Year Ended June 30, 2018**

	Special Revenue		Capital Projects	Total
	Transportation	Municipal	Fire	Nonmajor
	Fund	Retirement / Social Security Fund	Prevention and Safety Fund	Governmental Funds
Revenues:				
Property taxes	\$ 1,800,586	\$ 319,310	\$ -	\$ 2,119,896
Corporate property replacement taxes	-	86,693	-	86,693
Restricted state aid	481,239	-	-	481,239
Interest	37,817	24,293	4,349	66,459
<b>Total revenues</b>	<b>2,319,642</b>	<b>430,296</b>	<b>4,349</b>	<b>2,754,287</b>
Expenditures:				
Current:				
Instruction:				
Regular programs	-	135,759	-	135,759
Special programs	-	69,253	-	69,253
Other instructional programs	-	17,731	-	17,731
Support services:				
Pupils	-	36,200	-	36,200
General administration	-	11,167	-	11,167
School administration	-	39,672	-	39,672
Transportation	771,901	-	-	771,901
Central office	-	35,327	-	35,327
Business	-	139,733	-	139,733
Community service	-	109	-	109
Debt service:				
Principal	-	-	-	-
Interest and charges	-	-	-	-
Capital outlay	-	-	45	45
<b>Total expenditures</b>	<b>771,901</b>	<b>484,951</b>	<b>45</b>	<b>1,256,897</b>
Excess (deficiency) of revenues over (under) expenditures	1,547,741	(54,655)	4,304	1,497,390
Other financing sources:				
Transfers in	-	-	-	-
<b>Change in fund balance</b>	<b>1,547,741</b>	<b>(54,655)</b>	<b>4,304</b>	<b>1,497,390</b>
Fund balances:				
July 1, 2017	1,418,930	1,484,062	279,111	3,182,103
June 30, 2018	\$ 2,966,671	\$ 1,429,407	\$ 283,415	\$ 4,679,493

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Transportation Fund  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 1,908,732	\$ 1,800,586	\$ (108,146)
Restricted state aid	256,904	481,239	224,335
Interest	2,000	37,817	35,817
<b>Total revenues</b>	<u>2,167,636</u>	<u>2,319,642</u>	<u>152,006</u>
Expenditures:			
Current:			
Support services:			
Transportation	1,063,500	771,901	291,599
<b>Total expenditures</b>	<u>1,063,500</u>	<u>771,901</u>	<u>291,599</u>
<b>Change in fund balance</b>	<u>\$ 1,104,136</u>	<u>1,547,741</u>	<u>\$ 443,605</u>
Fund balance:			
July 1, 2017		<u>1,418,930</u>	
June 30, 2018		<u>\$ 2,966,671</u>	

**Alsip, Hazelgreen and Oak Lawn School District 126**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Municipal Retirement / Social Security Fund  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 349,815	\$ 319,310	\$ (30,505)
Corporate property replacement taxes	77,706	86,693	8,987
Interest	9,000	24,293	15,293
<b>Total revenues</b>	<b>436,521</b>	<b>430,296</b>	<b>(6,225)</b>
Expenditures:			
Current:			
Instruction:			
Regular programs	170,130	135,759	34,371
Special programs	89,540	69,253	20,287
Other instructional programs	20,316	17,731	2,585
Support services:			
Pupils	42,687	36,200	6,487
General administration	14,986	11,167	3,819
School administration	43,068	39,672	3,396
Central office	44,040	35,327	8,713
Business	175,563	139,733	35,830
Community service	267	109	158
<b>Total expenditures</b>	<b>600,597</b>	<b>484,951</b>	<b>115,646</b>
<b>Change in fund balance</b>	<b>\$ (164,076)</b>	<b>(54,655)</b>	<b>\$ 109,421</b>
Fund balance:			
July 1, 2017		<u>1,484,062</u>	
June 30, 2018		<u>\$ 1,429,407</u>	



**Alsip, Hazelgreen and Oak Lawn School District 126**

**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Modified Cash Basis  
Fire Prevention and Safety Fund  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 978	\$ -	\$ (978)
Interest	3,000	4,349	1,349
<b>Total revenues</b>	<u>3,978</u>	<u>4,349</u>	<u>371</u>
Expenditures:			
Current:			
Capital outlay	-	45	(45)
<b>Total expenditures</b>	<u>-</u>	<u>45</u>	<u>(45)</u>
 <b>Change in fund balance</b>	 <u><u>\$ 3,978</u></u>	 4,304	 <u><u>\$ 326</u></u>
Fund balance:			
July 1, 2017		<u>279,111</u>	
June 30, 2018		<u><u>\$ 283,415</u></u>	

**Alsip, Hazelgreen and Oak Lawn School District 126**

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

	Tax Year				
	2017	2016	2015	2014	2013
Assessed Valuations	\$ 511,274,160	\$ 443,271,756	\$ 426,398,577	\$ 447,837,890	\$ 463,528,856
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	3.3264	3.2531	3.5000	3.5000	3.5000
Special Education	0.2216	0.3485	0.3623	0.3220	0.0889
Operations and Main- tenance Accounts:					
Standard	0.4789	0.5228	0.5500	0.5500	0.5500
Tort Immunity Fund	0.1007	0.0058	0.0002	0.0002	0.0111
Working Cash Fund	0.0435	0.0481	0.0500	0.0500	0.0500
Transportation Fund	0.2015	0.6595	0.3690	0.3260	0.3383
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	0.0201	0.0581	0.0966	0.0690	0.0222
Debt Service Fund	0.0000	0.0000	0.2022	0.1917	0.1861
Fire Prevention and Safety Fund	0.0002	0.0002	0.0002	0.0002	0.0222
Social Security	0.0201	0.0697	0.1932	0.0000	0.0000
<b>Total</b>	<b>4.4131</b>	<b>4.9659</b>	<b>5.3238</b>	<b>5.0091</b>	<b>4.7689</b>
<b>Extended Tax Rate</b>	<b>4.413</b>	<b>4.966</b>	<b>5.324</b>	<b>5.009</b>	<b>4.769</b>
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 17,006,894	\$ 14,420,000	\$ 14,923,950	\$ 15,674,326	\$ 16,223,510
Special Education	1,133,000	1,545,000	1,545,000	1,442,000	412,000
Operations and Main- tenance Accounts:					
Standard	2,448,299	2,317,500	2,345,192	2,463,108	2,549,409
Tort Immunity Fund	515,000	25,750	1,030	1,030	51,500
Working Cash Fund	222,573	213,399	213,199	223,919	231,764
Transportation Fund	1,030,000	2,923,273	1,573,353	1,459,810	1,568,061
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	103,000	257,500	412,000	309,000	103,000
Debt Service Fund	-	-	862,050	858,441	862,851
Fire Prevention and Safety Fund	1,030	1,030	1,030	1,030	103,000
Social Security	103,000	309,000	824,000	-	-
<b>Totals</b>	<b>\$ 22,562,796</b>	<b>\$ 22,012,452</b>	<b>\$ 22,700,804</b>	<b>\$ 22,432,664</b>	<b>\$ 22,105,095</b>
<b>Tax collections</b>	<b>\$ 11,290,583</b>	<b>\$ 21,110,777</b>	<b>\$ 21,553,334</b>	<b>\$ 22,224,680</b>	<b>\$ 21,394,408</b>
<b>Percentage Collected</b>	<b>50.04%</b>	<b>95.90%</b>	<b>94.95%</b>	<b>99.07%</b>	<b>96.78%</b>