

Atwood Heights School District 125

Alsip, Illinois
Annual Financial Report
June 30, 2017

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Independent Auditor's Report

RSM US LLP

Members of the Worth Township Trustees of
Schools and the Board of Education
Atwood Heights School District 125
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 Atwood Heights School District 125 (District), as of and for the year ended June 30, 2017, 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 Atwood Heights School District 125 as of June 30, 2017, 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 basic 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 changes in net pension liabilities 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
October 18, 2017

Basic Financial Statements

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

Atwood Heights School District 125

**Statement of Net Position - Modified Cash Basis
June 30, 2017**

	Governmental Activities
Assets	
Cash and investments	\$ 7,049,325
Capital assets not being depreciated	268,486
Capital assets being depreciated, net	<u>6,012,957</u>
Total assets	<u><u>\$ 13,330,768</u></u>
Liabilities	
Long-term obligations:	
Due within one year	\$ 425,810
Due in more than one year	<u>4,509,943</u>
Total liabilities	<u><u>4,935,753</u></u>
Net Position	
Net investment in capital assets	4,867,722
Restricted:	
Debt service payments	1,059,250
Transportation	110,224
Retirement contributions	218,503
Site and construction	25,430
Tort	49,716
Fire prevention and safety	275,165
Unrestricted	<u>1,789,005</u>
Total net position	<u><u>8,395,015</u></u>
Total liabilities and net position	<u><u>\$ 13,330,768</u></u>

See notes to basic financial statements.

Atwood Heights School District 125

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2017**

			Program Revenues		Net (Expense), Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction:					
Regular programs	\$ 2,742,661	\$ -	\$ -	\$ (2,742,661)	
Special programs	781,364	-	907,667	126,303	
Other instructional programs	464,415	-	-	(464,415)	
Support services:					
Pupils	381,826	-	-	(381,826)	
Instructional staff	98,126	-	32,639	(65,487)	
General administration	481,555	-	-	(481,555)	
School administration	503,047	-	-	(503,047)	
Business	632,021	174,146	19,233	(438,642)	
Other	256,223	-	-	(256,223)	
Transportation	590,635	-	205,650	(384,985)	
Community services	2,518	-	-	(2,518)	
Payments to other governments	831,940	-	-	(831,940)	
Debt service:					
Interest and fees	184,995	-	-	(184,995)	
Total	\$ 7,951,326	\$ 174,146	\$ 1,165,189	(6,611,991)	
General revenues:					
Taxes:					
Property taxes, general purposes				\$ 4,876,937	
Property taxes, debt service				762,644	
Corporate property replacement taxes				57,201	
State aid-formula grants				2,285,847	
Interest				117,902	
Total general revenues				8,100,531	
Change in net position					1,488,540
Net position:					
July 1, 2016					6,906,475
June 30, 2017					\$ 8,395,015

See notes to basic financial statements.

Fund Financial Statements (FFS)

Atwood Heights School District 125

**Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2017**

	Major Funds		Nonmajor	Total
	General	Debt Services	Governmental	Governmental
	Fund	Fund	Funds	Funds
Assets				
Cash and investments	\$ 5,360,753	\$ 1,059,250	\$ 629,322	\$ 7,049,325
Due from other funds	-	-	-	-
Total assets	\$ 5,360,753	\$ 1,059,250	\$ 629,322	\$ 7,049,325
Liabilities and Fund Balances				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted	49,716	1,059,250	629,322	1,738,288
Unassigned	5,311,037	-	-	5,311,037
Total fund balances	5,360,753	1,059,250	629,322	7,049,325
Total liabilities and fund balances	\$ 5,360,753	\$ 1,059,250	\$ 629,322	\$ 7,049,325

See notes to basic financial statements.

Atwood Heights School District 125

Reconciliation of the Governmental Funds

Balance Sheet to the Statement of Net Position - Modified Cash Basis

June 30, 2017

Total fund balances - governmental funds	\$ 7,049,325
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.	6,281,443
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore, are not reported as liabilities in governmental funds.	
Long-term obligations	<u>(4,935,753)</u>
Net position of governmental activities	<u>\$ 8,395,015</u>

See notes to basic financial statements.

Atwood Heights School District 125

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2017**

	Major Funds		Nonmajor	Total
	General	Debt Services	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues:				
Property taxes	\$ 4,326,563	\$ 762,644	\$ 550,374	\$ 5,639,581
Corporate property replacement taxes	56,000	-	1,201	57,201
Charges for services	174,146	-	-	174,146
Unrestricted state aid	2,285,847	-	-	2,285,847
Restricted state aid	556,409	-	205,650	762,059
Restricted federal aid	403,130	-	-	403,130
Interest	58,531	52,533	6,838	117,902
Total revenues	7,860,626	815,177	764,063	9,439,866
Expenditures:				
Current:				
Instruction:				
Regular programs	2,599,271	-	55,403	2,654,674
Special programs	729,755	-	26,542	756,297
Other instructional programs	439,992	-	9,524	449,516
Support services:				
Pupils	356,890	-	12,687	369,577
Instructional staff	91,623	-	3,355	94,978
General administration	445,067	-	21,039	466,106
School administration	469,511	-	17,398	486,909
Business	573,843	-	37,902	611,745
Other	246,004	-	-	246,004
Transportation	-	-	590,635	590,635
Community services	2,436	-	-	2,436
Payments to other governments	831,940	-	-	831,940
Capital outlay	28,142	-	2,063	30,205
Debt service:				
Principal	-	445,190	-	445,190
Interest and fees	-	330,492	-	330,492
Total expenditures	6,814,474	775,682	776,548	8,366,704
Net change in fund balances	1,046,152	39,495	(12,485)	1,073,162
Fund balances:				
July 1, 2016	4,314,601	1,019,755	641,807	5,976,163
June 30, 2017	\$ 5,360,753	\$ 1,059,250	\$ 629,322	\$ 7,049,325

See notes to basic financial statements.

Atwood Heights School District 125

**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, 2017

Net change in fund balances—total governmental funds	\$	1,073,162
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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 depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$	28,140	
Depreciation expense		<u>(203,448)</u>	(175,308)

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

Bond principal retirement			445,190
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Accretion of interest on capital appreciation bonds			<u>145,496</u>
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Change in net assets of governmental activities	\$	<u><u>1,488,540</u></u>
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See notes to basic financial statements.

Atwood Heights School District 125

Statement of Assets and Liabilities - Modified Cash Basis

Agency Fund

June 30, 2017

	<u>Agency Student Activity Fund</u>
Assets , cash	<u>\$ 34,717</u>
Liabilities , due to activity fund organizations	<u>\$ 34,717</u>

See notes to basic financial statements.

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies

Nature of Operations

Atwood Heights School District 125 (District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the community of Alsip, 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, 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.

Note 1. 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 (FFS): 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 Services Fund – Accounts for the revenue sources that are restricted to servicing the general long-term debt of the District.

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 assets (or cost recovery), financial position, and cash flows. 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 assets.

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 balances as their measure of available spendable financial resources at the end of the period.

Note 1. 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 inflows and outflows, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and accreted interest on capital appreciation bonds 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 the 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 and are reported at cost.

Interfund Receivables, Payables, and Activity

The District has the following types of transactions between funds:

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

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.

Note 1. Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Capital Assets

Capital assets which include land, buildings, and other 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 \$1,000, 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 in the government-wide financial statements. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

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

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	50 years
Equipment	5 – 20 years
Land improvements	20 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified full-time employees earn 10 to 20 vacation days per year. The number of days vested may accumulate and be carried over for use in the next year. Any unused carryover vacation time will be lost by the end of that next fiscal year.

All employees receive 10 to 15 sick days and 3 to 7 personal days per year. There is no maximum accumulation for non-certified or certified employees. For certified employees, upon resignation or retirement, a maximum of 40 percent of these accumulated sick days are paid to the employee at the daily substitute teacher rate. Noncertified employees' sick and personal days do not vest but may be applied toward early retirement.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are capitalized and amortized over the life of the bonds.

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 are reported as another financing source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Net Position

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

Net investments in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted – consist of net assets that do not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, 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, 2017, the District has no nonspendable fund balance amounts.

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

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. As of June 30, 2017, the District has no committed fund balance amounts.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not delegated authority to 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. As of June 30, 2016, the District has no assigned fund balance amounts.

Note 1. Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

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

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These working cash funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the educational account, of the General Fund, or abate the fund to any fund of the District most in need. At June 30, 2017, the District had working cash stabilization fund balances of \$2,433,445 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 2016 tax levy was passed by the Board of Education on November 15, 2016, 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 2017, and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county collector 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 vote approved increases.

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.

Atwood Heights School District 125

Notes to Basic Financial Statements

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. 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 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.

For budgetary purposes, the District does not recognize as revenues received the retirement contributions made by the State to the Teachers' Retirement System of the State of Illinois (TRS) and to the Teachers' Health Insurance Security Fund (THIS) on behalf of the District as well as the related expenditures paid.

The following governmental fund overexpended its budget for the year ended June 30, 2017:

	Budget	Actual
Nonmajor Fund:		
Fire Prevention and Safety Fund	\$ -	\$ 2,063

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, 2017, the District had deposits with federally insured financial institutions of \$40,905 with bank balances totaling \$41,082.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Trustees' deposits may not be returned to it. As of June 30, 2017, none of the District's bank balances were exposed to custodial credit risk because they were uninsured or uncollateralized.

Investments

As of June 30, 2017, the District had the following investments:

Investment Type	Fair Value	Investment Maturity (In Years)
Pooled cash and investments held by the Worth Township Trustees	\$ 7,043,137	N/A

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

The fair value of pooled cash and investments held by the Worth Township Treasurer is based on the net asset value per unit based on the amortized cost of the underlying securities at June 30, 2017 as determined by the Worth Township Trustees. The fair value is derived daily based on the net asset value of the underlying securities. There are no redemption restrictions or unfunded commitments related to the District's pooled cash and investments held by Worth Township Trustees.

Of the total pooled cash and investments held by Worth Township Trustees, maturities are approximately as follows: less than 1 year (30.03 percent), 1 to 5 years (50.15 percent), 6-10 years (16.09 percent), and greater than 10 years (3.73 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 does not limit its investment portfolio to specific maturities.

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 has no investment policy related to the concentration of credit risk.

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. The Illinois School District Liquid Asset Fund Plus and the Illinois Funds pooled cash and investments held by the Worth Township Trustees are not subject to custodial credit risk.

Information related to the 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 certain supplementary information. This information can also be obtained online at www.worthtst.org/Public_Documents.html.

The above deposits and investments with a total carrying value of \$7,084,042 are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	\$ 7,049,325
Statement of Fiduciary Assets and Liabilities (FFS)	34,717
	<u>\$ 7,084,042</u>

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2017, is as follows:

	Balance, July 1, 2016	Additions	Retirements	Balance, June 30, 2017
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 268,486	\$ -	\$ -	\$ 268,486
Construction in progress	-	-	-	-
Total capital assets not being depreciated	268,486	-	-	268,486
Capital Assets, being depreciated:				
Land improvements	135,728	-	-	135,728
Buildings and improvements	9,012,187	9,640	-	9,021,827
Equipment	1,447,553	18,500	-	1,466,053
Total capital assets being depreciated	10,595,468	28,140	-	10,623,608
Less accumulated depreciation:				
Land improvements	135,728	-	-	135,728
Buildings	2,966,257	132,495	-	3,098,752
Equipment	1,305,218	70,953	-	1,376,171
Total accumulated depreciation	4,407,203	203,448	-	4,610,651
Total capital assets being depreciated, net	6,188,265	(175,308)	-	6,012,957
Governmental activities Capital assets, net	<u>\$ 6,456,751</u>	<u>\$ (175,308)</u>	<u>\$ -</u>	<u>\$ 6,281,443</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 87,987
Special programs	25,067
Other instructional programs	14,899
Support services:	
Pupils	12,249
Instructional staff	3,148
General administration	15,449
School administration	16,138
Business	20,276
Other	8,154
Community services	81
	<u>\$ 203,448</u>

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 5. Long-Term Debt

Long-term debt as of June 30, 2017, and a summary of activity for the year then ended are as follows:

	General Obligation Bonds	Capital Appreciation Bonds	Total
Balance, July 1, 2016	\$ 3,340,000	\$ 2,186,439	\$ 5,526,439
Bonds retired	-	(445,190)	(445,190)
Net decrease in accreted interest on capital appreciation bonds	-	(145,496)	(145,496)
Balance, June 30, 2017	<u>\$ 3,340,000</u>	<u>\$ 1,595,753</u>	<u>\$ 4,935,753</u>
Amounts due within one year	<u>\$ -</u>	<u>\$ 425,810</u>	<u>\$ 425,810</u>

Interest rates range from 2.25 percent to 4.50 percent on the outstanding bonds. As of June 30, 2017, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2018	\$ -	\$ 89,790	\$ 425,810	\$ 249,190	\$ 764,790
2019	-	89,790	407,275	267,725	764,790
2020	295,000	86,471	196,217	143,783	721,471
2021	640,000	75,153	-	-	715,153
2022	655,000	58,638	-	-	713,638
2023-2024	1,750,000	68,171	-	-	1,818,171
	<u>\$ 3,340,000</u>	<u>\$ 468,013</u>	<u>\$ 1,029,302</u>	<u>\$ 660,698</u>	<u>\$ 5,498,013</u>

Interest maturities include \$566,451 in accreted interest on capital appreciation bonds which are included in long-term liabilities.

The District's estimated legal debt limitation of \$7,236,816, based on 6.9 percent of the 2016 estimated equalized assessed valuation of \$104,881,390, less outstanding debt of \$3,340,000 and \$1,029,302 results in an estimated legal debt margin of \$2,867,514 as of June 30, 2017.

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 6. Fund Balance Classifications

At June 30, 2017, the District's fund balance restrictions were for the following purposes:

Restricted purpose:

Debt service payments	\$ 1,059,250
Transportation	110,224
Fire prevention and safety	275,165
Retirement contributions	218,503
Site and construction	25,430
Tort	49,716
	<u>\$ 1,738,288</u>

Note 7. 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 non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

Benefits Provided

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

Note 7. Retirement Fund Commitments (Continued)

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

Essentially all Tier I retirees receive an annual 3 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 II 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.

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, 2017, was 9.4 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, 2017, state of Illinois contributions in the amount of \$2,576,031 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, 2017, were \$19,458.

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 a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$116,907 were paid from federal and special trust funds that required employer contributions of \$45,056.

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 current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the District made no employer ERO contributions.

Note 7. Retirement Fund Commitments (Continued)

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, 2017, the District had no contributions to TRS for employer contributions due on salary increases in excess of 6 percent nor 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to 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, 2016, 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.

Teachers' Health Insurance Security

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

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to THIS Fund.

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.

- On behalf contributions to the THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions amounted to \$37,573.
- Employer contributions to the THIS Fund. The employer also makes contributions to the THIS Fund. The District's THIS Fund contributions was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$28,180 to the THIS Fund, which was 100 percent of the required contribution.

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 7. Retirement Fund Commitments (Continued)

Further information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-reports/ABC-List.asp>. The 2017 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

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.

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, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	201
Inactive Plan Members entitled to but not yet receiving benefits	141
Active Plan Members	39
	<u>381</u>

Note 7. Retirement Fund Commitments (Continued)

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 ending December 31, 2016 and 2015 were 9.60 percent and 10.04 percent, respectively. For fiscal year 2017, the District contributed \$74,668 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, 2016. 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.

Note 8. Postemployment Healthcare Plan

(a) Plan Description

The District provides postemployment health care benefits (OPEB) in the form of medical (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 has 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 are as follows: employees must be enrolled in the active medical plan immediately prior to retiring. Illinois Municipal Retirement Fund (IMRF) 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 (TRS) 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.

(b) 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 2016, the District did not contribute to the plan. At June 30, 2017, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

(c) 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.

Note 8. Postemployment Healthcare Plan (Continued)

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.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Illinois Public Risk Fund (IPRF) for its workers' compensation coverages, the Illinois School Insurance Cooperative (ISIC) for its general liability and property, and Educational Benefits Cooperative (EBC) for employee health coverage. IPRF, ISIC, and EBC are organizations of school districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs.

The cooperative agreements provide that ISIC and EBC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$250,000 per occurrence and \$475,000 in aggregate for general liability and property, and \$100,000 per individual and approximately \$7,200,000 in aggregate for employee health. IPRF member premiums are used to purchase commercial insurance. The District, along with other members of IPRF, ISIC, and EBC, has a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was member. IPRF, ISIC, and EBC can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District has not made any supplemental payments for workers' compensation, general liability and property and employee health coverage.

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

Note 10. 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, 2017.

Atwood Heights School District 125

Notes to Basic Financial Statements

Note 11. Pronouncements Issued But Not Yet Adopted

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions*, will be effective for the District beginning with its year ending June 30, 2018. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the District beginning with its year ended June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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. 85, *Omnibus 2017*, will be effective for the District beginning with its year ended June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addressed a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

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

Other Information

Atwood Heights School District 125**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
2016	\$ 74,449	\$ 74,668	\$ (219)	\$ 775,509	9.63%
2015	76,050	76,050	-	757,475	10.04%
2014	78,325	80,877	(2,552)	725,230	11.15%

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

Atwood Heights School District 125

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

Calendar Year Ended December 31,	2016	2015	2014
A. Total pension liability			
1. Service cost	\$ 83,588	\$ 81,019	\$ 90,879
2. Interest on the Total Pension Liability	281,963	283,970	271,452
3. Changes of benefit terms	-	-	-
4. Difference between expected and actual experience of the Total Pension Liability	32,007	(173,880)	(150,640)
5. Changes of assumptions	(4,420)	4,186	174,508
6. Benefit payments, including refunds of employee contributions	(224,324)	(212,327)	(216,379)
7. Net change in total pension liability	168,814	(17,032)	169,820
8. Total pension liability - beginning	3,834,895	3,851,927	3,682,107
9. Total pension liability - ending	<u><u>\$ 4,003,709</u></u>	<u><u>\$ 3,834,895</u></u>	<u><u>\$ 3,851,927</u></u>
B. Plan fiduciary net position			
1. Contributions - employer	\$ 74,449	\$ 76,050	\$ 80,877
2. Contributions - employee	34,919	34,214	33,763
3. Net investment income	241,720	18,588	222,627
4. Benefit payments, including refunds of employee contributions	(224,324)	(212,327)	(216,379)
5. Other (net transfer)	(9,837)	(87,348)	(52,839)
6. Net change in plan fiduciary net position	116,927	(170,823)	68,049
7. Plan fiduciary net position - beginning	3,597,719	3,768,542	3,700,493
8. Plan fiduciary net position - ending	<u><u>\$ 3,714,646</u></u>	<u><u>\$ 3,597,719</u></u>	<u><u>\$ 3,768,542</u></u>
C. Net pension liability	<u><u>\$ 289,063</u></u>	<u><u>\$ 237,176</u></u>	<u><u>\$ 83,385</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	92.78%	93.82%	97.84%
E. Covered Valuation payroll	\$ 775,509	\$ 757,475	\$ 725,230
F. Net pension liability as a percentage of covered valuation payroll	37.27%	31.31%	11.50%

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>

Atwood Heights School District 125**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2017**

	2016	2015	2014
Contractually-required contribution	\$ 19,458	\$ 19,167	\$ 19,273
Contributions in relation to the contractually-required contribution	19,547	19,167	19,273
Contribution deficiency (excess)	<u>\$ (89)</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	3,354,762	3,304,691	3,322,985
Contributions as a percentage of covered-employee payroll	0.58%	0.58%	0.58%

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2017**

Employer's proportion of the net pension liability	0.0015638900%	0.0015698497%	0.0015698497%
Employer's proportionate share of the net pension liability	\$ 1,234,473	\$ 918,474	\$ 955,383
State's proportionate share of the net pension liability associated with the employer	26,230,862	21,539,107	20,338,721
Total	<u>\$ 27,465,335</u>	<u>\$ 22,457,581</u>	<u>\$ 21,294,104</u>
Employer's covered-employee payroll	3,354,762	3,304,691	3,322,985
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.80%	27.79%	28.75%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

Note to schedule: Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at

<http://trs.illinois.gov/employers/bulletins/2015Rept.pdf>

Supplementary Information

Atwood Heights School District 125

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Modified Cash Basis General Fund Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance from Final Budget
Revenues:			
Property taxes	\$ 4,069,712	\$ 4,326,563	\$ 256,851
Corporate property replacement taxes	35,000	56,000	21,000
Charges for services	161,000	174,146	13,146
Unrestricted state aid	2,310,652	2,285,847	(24,805)
Restricted state aid	413,337	556,409	143,072
Restricted federal aid	374,409	403,130	28,721
Interest	50,000	58,531	8,531
Total revenues	7,414,110	7,860,626	446,516
Expenditures:			
Current:			
Instruction:			
Regular programs	2,690,007	2,599,271	90,736
Special programs	680,208	729,755	(49,547)
Other instructional programs	452,915	439,992	12,923
Support services:			
Pupils	357,804	356,890	914
Instructional staff	99,103	91,623	7,480
General administration	479,510	445,067	34,443
School administration	485,777	469,511	16,266
Business	591,019	573,843	17,176
Other	198,332	246,004	(47,672)
Community services	3,251	2,436	815
Payments to other governments	997,000	831,940	165,060
Capital outlay	82,725	28,142	54,583
Total expenditures	7,117,651	6,814,474	303,177
Change in fund balance	\$ 296,459	1,046,152	\$ 749,693
Fund balance:			
July 1, 2016		<u>4,314,601</u>	
June 30, 2017		<u><u>\$ 5,360,753</u></u>	

Atwood Heights School District 125

**Combining Schedule of Revenues, Expenditures and Changes in
Fund Balance - Modified Cash Basis
General Fund, By Accounts
Year Ended June 30, 2017**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Tort Immunity Account	Total
Revenues:					
Property taxes	\$ 3,672,943	\$ 551,428	\$ 50,750	\$ 51,442	\$ 4,326,563
Corporate property replacement taxes	56,000	-	-	-	56,000
Charges for services	174,146	-	-	-	174,146
Unrestricted state aid	2,285,847	-	-	-	2,285,847
Restricted state aid	556,409	-	-	-	556,409
Restricted federal aid	403,130	-	-	-	403,130
Interest	31,054	653	26,164	660	58,531
Total revenues	7,179,529	552,081	76,914	52,102	7,860,626
Expenditures:					
Current:					
Instruction:					
Regular programs	2,599,271	-	-	-	2,599,271
Special programs	729,755	-	-	-	729,755
Other instructional programs	439,992	-	-	-	439,992
Support services:					
Pupils	356,890	-	-	-	356,890
Instructional staff	91,623	-	-	-	91,623
General administration	386,286	-	-	58,781	445,067
School administration	469,511	-	-	-	469,511
Business	133,420	440,423	-	-	573,843
Other	246,004	-	-	-	246,004
Community services	2,436	-	-	-	2,436
Payments to other governments	831,940	-	-	-	831,940
Capital outlay	18,500	9,642	-	-	28,142
Total expenditures	6,305,628	450,065	-	58,781	6,814,474
Change in fund balance	873,901	102,016	76,914	(6,679)	1,046,152
Fund balance:					
July 1, 2016	2,027,507	(125,832)	2,356,531	56,395	4,314,601
June 30, 2016	\$ 2,901,408	\$ (23,816)	\$ 2,433,445	\$ 49,716	\$ 5,360,753

Atwood Heights School District 125

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis
Budget and Actual -
General Fund, By Accounts
Year Ended June 30, 2017

	Educational Account		Operations and Maintenance Account		Working Cash Account		Tort Immunity Account		Total	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues:										
Property taxes	\$ 3,453,327	\$ 3,672,943	\$ 520,019	\$ 551,428	\$ 47,440	\$ 50,750	\$ 48,926	\$ 51,442	\$ 4,069,712	\$ 4,326,563
Corporate property replacement taxes	35,000	56,000	-	-	-	-	-	-	35,000	56,000
Charges for services	161,000	174,146	-	-	-	-	-	-	161,000	174,146
Unrestricted state aid	2,310,652	2,285,847	-	-	-	-	-	-	2,310,652	2,285,847
Restricted state aid	413,337	556,409	-	-	-	-	-	-	413,337	556,409
Restricted federal aid	374,409	403,130	-	-	-	-	-	-	374,409	403,130
Interest	25,000	31,054	-	653	25,000	26,164	-	660	50,000	58,531
Total revenues	6,772,725	7,179,529	520,019	552,081	72,440	76,914	48,926	52,102	7,414,110	7,860,626
Expenditures:										
Current:										
Instruction:										
Regular programs	2,690,007	2,599,271	-	-	-	-	-	-	2,690,007	2,599,271
Special programs	680,208	729,755	-	-	-	-	-	-	680,208	729,755
Other instructional programs	452,915	439,992	-	-	-	-	-	-	452,915	439,992
Support services:										
Pupils	357,804	356,890	-	-	-	-	-	-	357,804	356,890
Instructional staff	99,103	91,623	-	-	-	-	-	-	99,103	91,623
General administration	409,915	386,286	-	-	-	-	69,595	58,781	479,510	445,067
School administration	485,777	469,511	-	-	-	-	-	-	485,777	469,511
Business	114,742	133,420	476,277	440,423	-	-	-	-	591,019	573,843
Other	198,332	246,004	-	-	-	-	-	-	198,332	246,004
Community services	3,251	2,436	-	-	-	-	-	-	3,251	2,436
Payments to other governments	997,000	831,940	-	-	-	-	-	-	997,000	831,940
Capital outlay	82,725	18,500	-	9,642	-	-	-	-	82,725	28,142
Total expenditures	6,571,779	6,305,628	476,277	450,065	-	-	69,595	58,781	7,117,651	6,814,474
Excess (deficiency) of revenues over (under) expenditures	200,946	873,901	43,742	102,016	72,440	76,914	(20,669)	(6,679)	296,459	1,046,152
Change in fund balance	\$ 200,946	873,901	\$ 43,742	102,016	\$ 72,440	76,914	\$ (20,669)	(6,679)	\$ 296,459	1,046,152
Fund balance:										
July 1, 2016		<u>2,027,507</u>		<u>(125,832)</u>		<u>2,356,531</u>		<u>56,395</u>		<u>4,314,601</u>
June 30, 2017		<u>\$ 2,901,408</u>		<u>\$ (23,816)</u>		<u>\$ 2,433,445</u>		<u>\$ 49,716</u>		<u>\$ 5,360,753</u>

Atwood Heights School District 125

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Debt Services Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 745,130	\$ 762,644	\$ 17,514
Interest	10,000	52,533	42,533
Total revenues	<u>755,130</u>	<u>815,177</u>	<u>60,047</u>
Expenditures:			
Debt service:			
Principal	450,000	445,190	4,810
Interest and fees	333,120	330,492	2,628
Total expenditures	<u>783,120</u>	<u>775,682</u>	<u>7,438</u>
Change in fund balance	<u>\$ (27,990)</u>	39,495	<u>\$ 67,485</u>
Fund balance:			
July 1, 2016		<u>1,019,755</u>	
June 30, 2017		<u>\$ 1,059,250</u>	

Atwood Heights School District 125

**Combining Balance Sheet - By Fund Type -
Nonmajor Governmental Funds - Modified Cash Basis
June 30, 2017**

	Special Revenue Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
	Municipal Retirement Fund	Transportation Fund	Site and Construction Fund	Fire Prevention & Safety Fund	
Assets					
Cash and investments	\$ 218,503	\$ 110,224	\$ 25,430	\$ 275,165	\$ 629,322
Liabilities and Fund Balances					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Restricted	218,503	110,224	25,430	275,165	629,322
Total liabilities and fund balances	\$ 218,503	\$ 110,224	\$ 25,430	\$ 275,165	\$ 629,322

Atwood Heights School District 125

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
By Fund Type - Modified Cash Basis
Nonmajor Governmental Funds
Year Ended June 30, 2017**

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Municipal Retirement Fund	Transportation Fund	Site and Construction Fund	Fire Prevention & Safety Fund	
Revenues:					
Property taxes	\$ 87,222	\$ 462,024	\$ -	\$ 1,128	\$ 550,374
Corporate property replacement taxes	1,201	-	-	-	1,201
Restricted state aid	-	205,650	-	-	205,650
Interest	3,751	(380)	293	3,174	6,838
Total revenues	92,174	667,294	293	4,302	764,063
Expenditures:					
Current:					
Instruction:					
Regular programs	55,403	-	-	-	55,403
Special programs	26,542	-	-	-	26,542
Other instructional programs	9,524	-	-	-	9,524
Support services:					
Pupils	12,687	-	-	-	12,687
Instructional staff	3,355	-	-	-	3,355
General administration	21,039	-	-	-	21,039
School administration	17,398	-	-	-	17,398
Business	37,902	-	-	-	37,902
Transportation	-	590,635	-	-	590,635
Capital outlay	-	-	-	2,063	2,063
Total expenditures	183,850	590,635	-	2,063	776,548
Change in fund balance	(91,676)	76,659	293	2,239	(12,485)
Fund balances:					
July 1, 2016	310,179	33,565	25,137	272,926	641,807
June 30, 2017	\$ 218,503	\$ 110,224	\$ 25,430	\$ 275,165	\$ 629,322

Atwood Heights School District 125

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Municipal Retirement Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 80,728	\$ 87,222	\$ 6,494
Corporate property replacement taxes	12,000	1,201	(10,799)
Interest	-	3,751	3,751
Total revenues	<u>92,728</u>	<u>92,174</u>	<u>(554)</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	57,197	55,403	1,794
Special programs	22,597	26,542	(3,945)
Other instructional programs	10,361	9,524	837
Support services:			
Pupils	12,661	12,687	(26)
Instructional staff	3,550	3,355	195
General administration	21,625	21,039	586
School administration	18,696	17,398	1,298
Business	39,029	37,902	1,127
Total expenditures	<u>185,716</u>	<u>183,850</u>	<u>1,866</u>
Change in fund balance	<u>\$ (92,988)</u>	<u>(91,676)</u>	<u>\$ 1,312</u>
Fund balance:			
July 1, 2016		<u>310,179</u>	
June 30, 2017		<u>\$ 218,503</u>	

Atwood Heights School District 125

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Transportation Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 479,265	\$ 462,024	\$ (17,241)
Restricted state aid	240,000	205,650	(34,350)
Interest	-	(380)	(380)
Total revenues	<u>719,265</u>	<u>667,294</u>	<u>(51,971)</u>
Expenditures:			
Current:			
Support services:			
Transportation	<u>617,702</u>	<u>590,635</u>	<u>27,067</u>
Change in fund balance	<u><u>\$ 101,563</u></u>	<u>76,659</u>	<u><u>\$ (24,904)</u></u>
Fund balance:			
July 1, 2016		<u>33,565</u>	
June 30, 2017		<u><u>\$ 110,224</u></u>	

Atwood Heights School District 125

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Site and Construction Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance
Revenues:			
Interest	\$ -	\$ 293	\$ 293
Expenditures	-	-	-
Change in fund balance	<u><u>\$ -</u></u>	293	<u><u>\$ 293</u></u>
Fund balance:			
July 1, 2016		<u>25,137</u>	
June 30, 2017		<u><u>\$ 25,430</u></u>	

Atwood Heights School District 125

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Safety Fund
Year Ended June 30, 2017**

	Original and Final Budget	Actual	Variance from Final Budget
Revenues:			
Property taxes	\$ 979	\$ 1,128	\$ 149
Interest	2,500	3,174	674
Total revenues	<u>3,479</u>	<u>4,302</u>	<u>823</u>
Expenditures:			
Capital outlay	-	2,063	(2,063)
Total expenditures	<u>-</u>	<u>2,063</u>	<u>(2,063)</u>
Change in fund balance	<u>\$ 3,479</u>	<u>2,239</u>	<u>\$ (1,240)</u>
Fund balance:			
July 1, 2016		<u>272,926</u>	
June 30, 2017		<u>\$ 275,165</u>	

Atwood Heights School District 125

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

	Tax Year				
	2017	2016	2015	2014	2013
Assessed Valuations	<u>\$ 104,881,390</u>	<u>\$ 101,854,158</u>	<u>\$ 105,046,964</u>	<u>\$ 113,895,192</u>	<u>\$ 120,961,333</u>
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	2.9114	3.5000	3.4171	2.8646	2.9428
Tort Immunity	0.0491	0.0506	0.0735	0.0497	0.1703
Special Education	0.3437	0.3539	0.0981	0.0904	0.0852
Operations and Main-tenance Accounts:					
Standard	0.5156	0.5500	0.5393	0.5500	0.5109
Working Cash Fund	0.0486	0.0496	0.0490	0.0500	0.0515
Transportation Fund	0.7365	0.1304	0.1973	0.3165	0.1703
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	0.0010	0.0010	0.0049	0.0045	0.0009
Social Security	0.0491	0.1213	0.1961	0.2261	0.0852
Bond and Interest Fund	0.7256	0.7472	0.7245	0.6687	0.6273
Fire Prevention and Safety Fund	0.0010	0.0010	0.0010	0.0045	0.0213
Total	<u>5.3816</u>	<u>5.5050</u>	<u>5.3008</u>	<u>4.8250</u>	<u>4.6657</u>
Extended Tax Rate	<u>5.3816</u>	<u>5.5050</u>	<u>5.3008</u>	<u>4.8250</u>	<u>4.6657</u>
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	3,053,562	3,564,896	3,589,550	\$ 3,262,676	\$ 3,559,680
Tort Immunity	51,500	51,500	77,250	56,650	206,000
Special Education	360,500	360,500	103,000	103,000	103,000
Operations and Main-tenance Accounts:					
Standard	540,750	560,198	566,500	626,424	618,000
Working Cash Fund	50,956	50,470	51,500	56,948	62,315
Transportation Fund	772,500	132,857	207,238	360,500	206,000
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	1,030	1,030	5,150	5,150	1,030
Social Security	51,500	123,600	206,000	257,500	103,000
Bond and Interest Fund	761,030	761,030	761,030	761,618	758,833
Fire Prevention and Safety Fund	1,030	1,030	1,030	5,150	25,750
Totals	<u>\$ 5,644,358</u>	<u>\$ 5,607,111</u>	<u>\$ 5,568,248</u>	<u>\$ 5,495,616</u>	<u>\$ 5,643,608</u>
Tax collection	<u>\$ 2,904,610</u>	<u>\$ 5,567,850</u>	<u>\$ 5,496,249</u>	<u>\$ 5,405,378</u>	<u>\$ 5,283,592</u>
Percentage collected	<u>51.46%</u>	<u>99.30%</u>	<u>98.71%</u>	<u>98.36%</u>	<u>93.62%</u>

Atwood Heights School District 125

**Schedule of Debt Service Requirements
Year Ended June 30, 2017**

	Year Ending June 30,	Interest Rate	Total Principal	Total Interest	Total Principal and Interest
Total debt service requirements					
	2018		\$ 425,810	\$ 338,980	\$ 764,790
	2019		407,275	357,515	764,790
	2020		491,217	230,254	721,471
	2021		640,000	75,153	715,153
	2022		655,000	58,638	713,638
	2023		675,000	40,841	715,841
	2024		690,000	21,555	711,555
	2025		385,000	5,775	390,775
			4,369,302	1,128,711	5,498,013
Accumulated accreted interest on capital appreciation bonds			566,451	(566,451)	-
			<u>\$ 4,935,753</u>	<u>\$ 562,260</u>	<u>\$ 5,498,013</u>

General Obligation Limited School Bonds

School Bond Series 2012 (2013), dated July 12, 2012
in the amount of \$3,340,000

Principal payments due December 1 of each year
Interest payable on December 1 of each year
Paying agent: School Treasurer

2018		\$ -	\$ 89,790	\$ 89,790
2019		-	89,790	89,790
2020	2.25	295,000	86,471	381,471
2021	2.50	640,000	75,153	715,153
2022	2.60	655,000	58,638	713,638
2023	2.75	675,000	40,841	715,841
2024	2.90	690,000	21,555	711,555
2025	3.00	385,000	5,775	390,775
		<u>\$ 3,340,000</u>	<u>\$ 468,013</u>	<u>\$ 3,808,013</u>

General Obligation Capital Appreciation Limited Tax

School Bond Series 2007 (2007), dated July 24, 2007
in the amount of \$1,998,550

Principal payments due December 1 of each year
Interest payable on June 1 and December 1 of each year
Paying agent: School Treasurer

2018	4.50	\$ 425,810	\$ 249,190	\$ 675,000
2019	4.50	407,275	267,725	675,000
2020	4.50	196,217	143,783	340,000
		1,029,302	660,698	1,690,000
Accumulated accreted interest		566,451	(566,451)	-
		<u>\$ 1,595,753</u>	<u>\$ 94,247</u>	<u>\$ 1,690,000</u>