

Worth School District 127

Annual Financial Report
June 30, 2018

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Independent Auditor's Report

Members of the Board of Education
Worth School District 127
Worth, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Worth School District 127 (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 basic 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in the modified cash basis financial position 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 the 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 that collectively comprise the District's basic financial statements. The accompanying supplemental information, such as the budgetary comparison information and combining and individual nonmajor fund financial statements, schedule of assessed valuations, tax rates, extensions and collections, and schedule of debt service requirements and other information, such as the schedule 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 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 on 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
November 12, 2018

Other Information

**Management's Discussion
and Analysis (MD&A)**

Worth School District 127

Management's Discussion and Analysis

The management's discussion and analysis of the Worth School District 127's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceed its liabilities at the close of the fiscal year by \$19.3 million.
- In total, net position increased by \$2.9 million.
- General revenues were \$14.9 million or 88.4 percent of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions were \$2 million or 11.6 percent of total revenues of \$16.9 million.
- Overall, there was a surplus of revenues over expenditures and other financing sources (uses) of \$1.66 million in the Governmental Funds, which consisted of a surplus of revenues over expenditures and other financing sources of \$1.75 million in the General Fund (Education, Operations and Maintenance, Tort Immunity and Working Cash Accounts), a deficit of \$88 thousand in the Nonmajor Governmental Funds (Transportation, IMRF/Social Security, Fire Prevention and Safety Fund and Debt Service Fund).

Overview of the Financial Statements

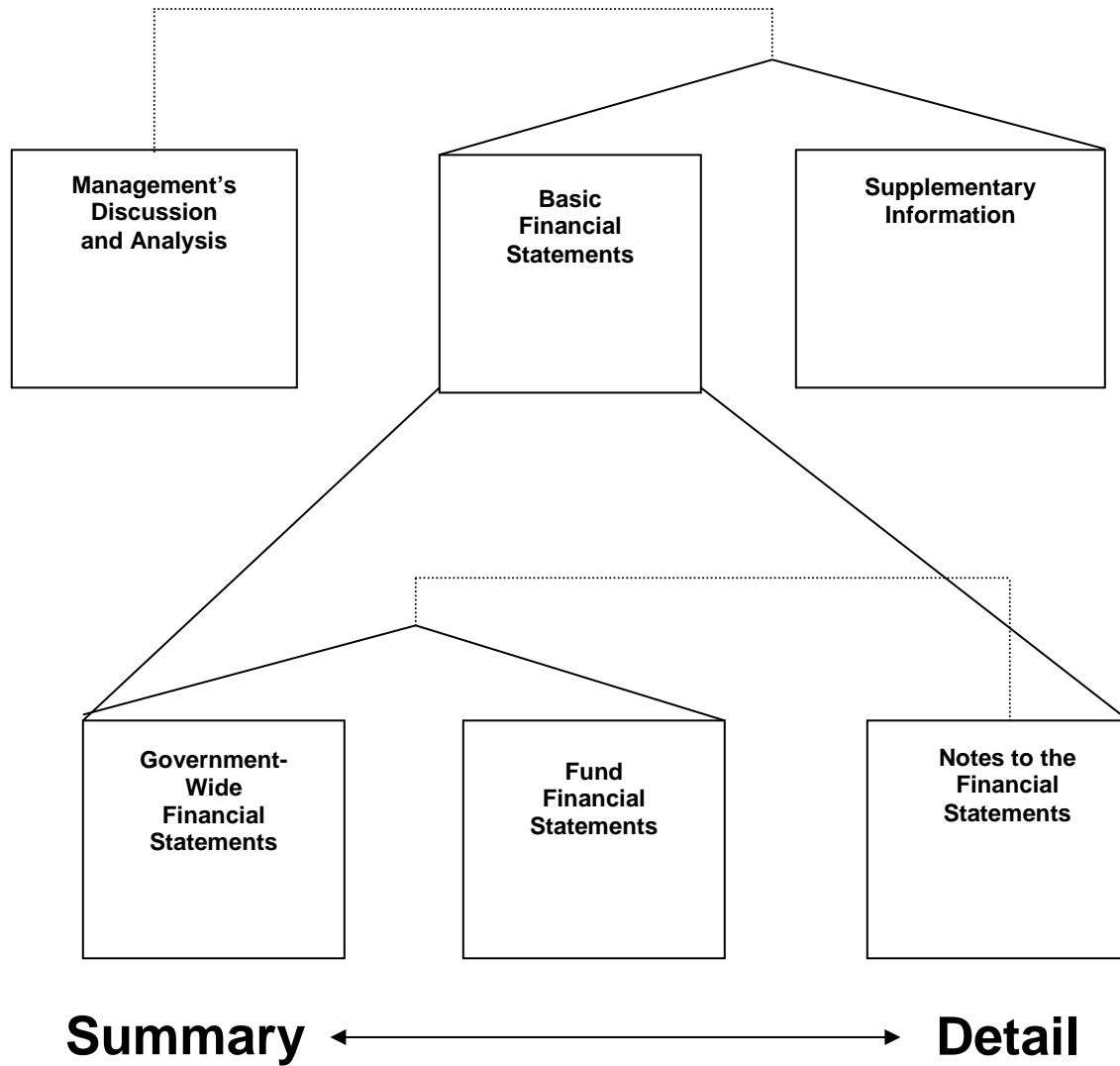
This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Other Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two-statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of other information that further explains and supports the financial statements.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Worth School District 127's Annual Financial Report



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

Worth School District 127

Management's Discussion and Analysis

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all categorized as *Governmental activities*. All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has two categories of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information after each of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operation.

Worth School District 127

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Net Position: The District's *combined* net position on June 30, 2018 and 2017 totaled \$19.3 million and \$16.4 million, respectively. (See Figure A-2).

Figure A-2

**Condensed Statement of Net Position
as of June 30, 2018 and 2017**

	Governmental Activities	
	2018	2017
Assets:		
Current and other assets	\$ 14,781,918	\$ 13,122,703
Capital assets	8,492,465	7,753,751
Total assets	23,274,383	20,876,454
Liabilities:		
Current Liabilities	709,289	709,294
Long-term liabilities	3,293,421	3,755,910
Total liabilities	4,002,710	4,465,204
Net position:		
Net investment in capital assets	8,492,465	5,596,844
Restricted	5,507,661	5,010,834
Unrestricted	5,271,547	5,803,572
Total net position	\$ 19,271,673	\$ 16,411,250

The District's financial position is the product of many factors. The continual increase in Evidence Based Funding (formerly General State Aid) for the 2018 fiscal year was the most significant contributor. Another factor is the Board of Education's continued determination to maintain a balanced budget. With an unknown level of state funding from year to year, the Board of Education has had to reallocate existing resources to meet its educational goals.

The District's total revenues were \$16.9 million. Taxes, general state aid, and other general revenue were 88.4 percent of the total or \$14.9 million. General revenues increased by 2.8 percent over the prior year for a total increase of \$413 thousand. This increase can be mainly attributed to a greater allocation of general state aid dollars and increase in property tax receipts.

State and federal aid for specific programs brought in nearly \$1.8 million of the total revenues, an increase of \$400 thousand from the prior year. This amount slightly varies from year to year, depending on when grant dollars are vouchered and remitted for payment to the District.

Worth School District 127

Management's Discussion and Analysis

The total cost of all programs and services was \$14 million. The District's expenses are predominantly related to instruction and support services (caring for and transportation of students, etc.). These expenses accounted for 89.4 percent of the total (see Figure A-5).

The District's other activities were 10.6% of total costs.

Total revenues exceeded expenses, increasing net assets by \$2.9 million from the prior year.

Figure A-3

***Changes in Net Position
as of June 30, 2018 and 2017***

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 190,382	\$ 197,187
Operating grants and contributions	1,770,568	1,366,986
General revenues:		
Property taxes	9,782,919	10,068,952
Personal property replacement taxes	68,616	82,004
General state aid	4,838,905	4,155,816
Restricted State Aid	-	46,316.0
Other	233,423	157,591
Total revenues	16,884,813	16,074,852
Expenses:		
Instruction	6,728,784	6,447,931
Pupil and instructional services	794,876	845,264
Administration and business	2,847,281	2,790,758
Operations and maintenance	1,806,078	1,074,963
Transportation	355,382	389,105
Other	1,491,989	1,156,711
Total expenses	14,024,390	12,704,732
Change in net position	2,860,423	3,370,120
Net position:		
Beginning	16,411,250	13,041,130
Ending	\$ 19,271,673	\$ 16,411,250

Figure A-4 Government-wide Revenues for Fiscal Year 2018

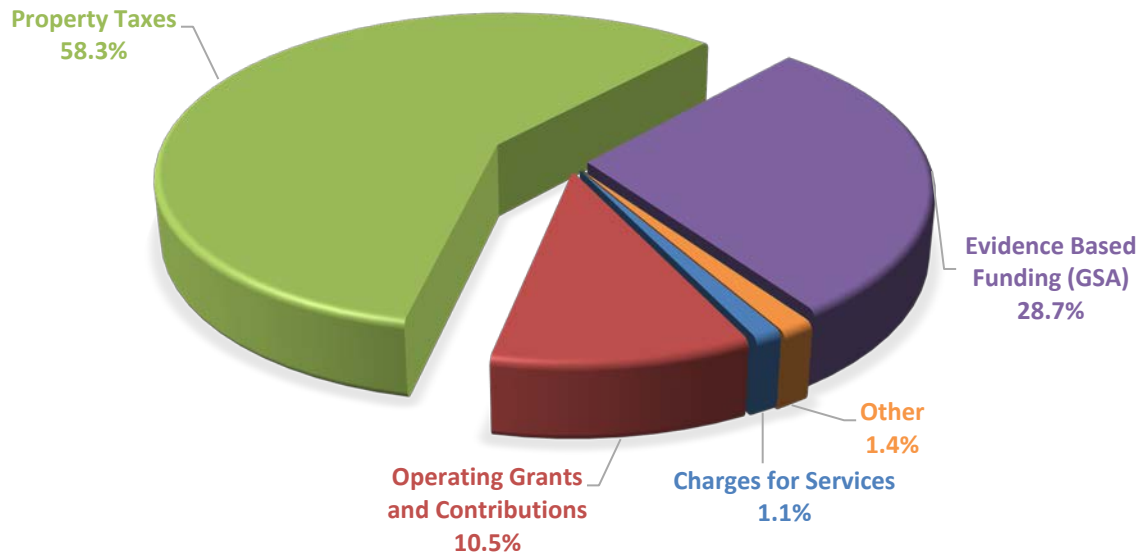
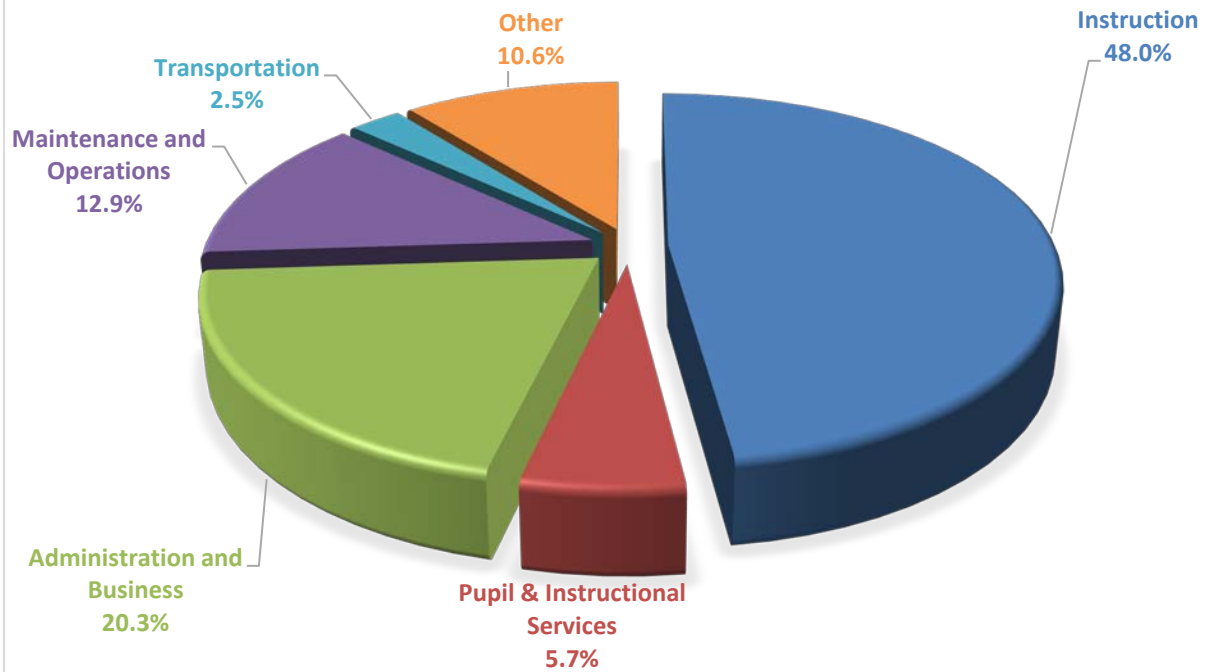


Figure A-5 Government-wide Expenses for Fiscal Year 2018



Worth School District 127

Management's Discussion and Analysis

Governmental Activities

Revenues for the District's governmental activities were \$16.9 million in fiscal year 2018. Total cost of services in 2018 was \$14 million. Net position increased \$2.9 million in 2018.

The stable health of the District's finances can be credited to a solid real estate tax base, increased Evidence Based Funding (formerly General State Aid) and budgetary controls put in place by the Board of Education.

Figure A-6 presents the cost of the District's activities: Instruction, Pupil and Instructional Services, Administration and Business, Operations and Maintenance, and Other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6				
Net Cost of Governmental Activities				
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction	\$ 6,728,784	\$ 5,526,195	\$ 6,447,931	\$ 5,544,034
Pupil and instructional services	794,876	794,876	845,264	845,264
Administration and business	2,847,281	2,330,987	2,790,758	2,221,954
Operations and maintenance	1,806,078	1,806,078	1,074,963	1,074,963
Central	23,447	20,047	24,813	9,315
Transportation	331,935	112,493	364,292	307,022
Other	1,491,989	1,472,764	1,156,711	1,138,007
TOTAL	\$14,024,390	\$12,063,440	\$12,704,732	\$11,140,559

- The cost of all *governmental* activities this year was \$14 million.
- Some of the cost was financed by the users of the District's programs (\$0.2 million).
- The federal and state governments subsidized certain programs with grants and contributions (\$1.8 million).
- Most of the District's costs, however, were financed by District taxpayers (\$12.1 million).

Financial Analysis of the District's Funds

The financial performance of the District as a whole resulted in an increase in fund balance. As the District completed the year, its governmental funds reported an increase in fund balances of \$1.7 million.

The General Fund increased its fund balance by nearly \$1.8 million to a fund balance of \$12.7 million as of June 30, 2018 from a fund balance of nearly \$11 million as of June 30, 2017. This is directly related to an increase in Evidence Based Funding in the current year.

General Fund Budgetary Highlights

The District's final budget for the General Fund anticipated that revenues would slightly exceed expenditures by \$194 thousand after other financing sources (uses). The actual result for the year was more positive than expected, ending with a gain of almost \$1.8 million. The variance is mostly attributable to construction in progress, in which the major summer construction projects committed but not yet complete accounted for \$1.6 million in payments due upon completion in September 2018.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the District had invested \$15.9 million (before accumulated depreciation of \$7.4 million) in a broad range of capital assets, including school buildings, computer equipment, audio-visual equipment and administrative offices. (See Figure A-7.) (More detailed information about capital assets can be found in Note 4 to the financial statements.) There were capital asset additions of \$1.1 million in 2018. Depreciation expense for the year was \$0.4 million.

Figure A-7		
<i>Capital Assets (Net of Accumulated Depreciation)</i>		
	2018	2017
Land	\$ 110,334	\$ 110,334
Construction in Progress	360,932	-
Buildings and Improvements	7,391,288	7,083,789
Furniture and Equipment	629,911	559,628
Total Capital Assets	\$ 8,492,465	\$ 7,753,751

Long-Term Debt

At year-end, the District had \$4 million in long-term debt outstanding – as shown in Figure A-8. During the year, the District retired \$0.3 million of long-term debt and reduced \$0.2 million in accreted interest. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Figure A-8		
<i>Long-Term Liabilities</i>		
	2017	2016
Capital Appreciation Bonds	\$ 3,993,421	\$ 4,895,882
Total Long-Term Liabilities	\$ 3,993,421	\$ 4,895,882

- The District continued to stay well below its legal debt margin.
- The state limits the amount of general obligation debt the District can issue to 6.9 percent of the assessed value of all taxable property within the District's limits. Outstanding debt is significantly below the current limit of \$12.2 million.

Worth School District 127

Management's Discussion and Analysis

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The new Evidence Based Funding Model is still relatively new. After the first full year of the new model, the District received the same amount of funding as the prior year's General State Aid and various Categorical payments as promised. This directly affects Worth School District 127 and the amount of money distributed by the state, as well as the way property taxes are levied. These two revenue sources are the largest sources for the District and greatly affect the District's financial situation.
- Property Taxes for the 2017 Levy year eliminated the limiting rate of \$3.50 for the Education Fund. This gives more flexibility in levying property tax dollars for the school district, although the total amount available for the levy is still limited by CPI or 5 percent, whichever is less.
- The "Pension Cost Shift" is still looming. As the State of Illinois continues to try to reduce costs, it is believed that the State's pension obligation will soon become the burden of the local school districts. For now, TRS has limited the annual increase to 3 percent (from 6 percent previously) for those expecting to retire within four years. The school district is responsible for paying a penalty if the 3 percent is exceeded. Furthermore, Public Act 100-0023 requires school districts to pay for a portion of the cost of a TRS member's pension if that member's salary is greater than the governor's statutory salary, which is currently \$177,412.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Worth School District 127, Worth, Illinois.

Basic Financial Statements

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

Worth School District 127

**Statement of Net Position - Modified Cash Basis
June 30, 2018**

	Governmental Activities
Assets	
Cash and investments	\$ 14,781,918
Capital assets not being depreciated	471,266
Capital assets being depreciated, net	<u>8,021,199</u>
Total assets	<u><u>\$ 23,274,383</u></u>
Liabilities and Net Position	
Liabilities:	
Long-term obligations, due within one year:	
Capital appreciation bonds	\$ 700,000
Long-term obligations, due in more than one year:	
Capital appreciation bonds	3,293,421
Other liabilities	<u>9,289</u>
Total liabilities	<u>4,002,710</u>
Net Position:	
Net investment in capital assets	8,492,465
Restricted for:	
Operations and maintenance	3,187,170
Tort immunity	257,211
Transportation	450,855
Retirement benefits	921,391
Debt service	4,226
Capital projects	686,808
Unrestricted	<u>5,271,547</u>
Total net position	<u>19,271,673</u>
Total liabilities and net position	<u><u>\$ 23,274,383</u></u>

See notes to basic financial statements.

Worth School District 127

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

				Net (Expense), Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	\$ 5,364,394	\$ 56,982	\$ 382,445	\$ (4,924,967)
Special programs	1,357,680	-	737,653	(620,027)
Other instructional programs	6,710	-	25,509	18,799
Support services:				
Pupils	539,308	-	-	(539,308)
Instructional staff	255,568	-	-	(255,568)
General administration	592,517	-	-	(592,517)
School administration	775,384	-	-	(775,384)
Business	1,479,380	130,000	386,294	(963,086)
Operations and maintenance	1,806,078	-	-	(1,806,078)
Central	23,447	3,400	-	(20,047)
Transportation	331,935	-	238,667	(93,268)
Community services	19,225	-	-	(19,225)
Payments to other governments	1,234,453	-	-	(1,234,453)
Interest and charges	238,311	-	-	(238,311)
Total governmental activities	\$ 14,024,390	\$ 190,382	\$ 1,770,568	(12,063,440)
General revenues:				
Taxes:				
Property taxes, general purposes				9,357,820
Property taxes, debt service				425,099
Corporate property replacement taxes				68,616
Unrestricted state aid				4,838,905
Investment earnings				233,423
Total general revenues				14,923,863
	Change in net position			2,860,423
Net position:				
July 1, 2017				16,411,250
June 30, 2018				\$ 19,271,673

See notes to basic financial statements.

Fund Financial Statements (FFS)

Worth School District 127

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

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 12,718,638	\$ 2,063,280	\$ 14,781,918
Liabilities and Fund Balances			
Liabilities	\$ 9,289	\$ -	\$ 9,289
Fund balances:			
Restricted for:			
Tort immunity	257,211	-	257,211
Transportation	-	450,855	450,855
Retirement benefits	-	921,391	921,391
Operations and maintenance	3,187,170	-	3,187,170
Debt service	-	4,226	4,226
Capital projects	-	686,808	686,808
Unassigned	9,264,968	-	9,264,968
Total fund balances	12,709,349	2,063,280	14,772,629
Total liabilities and fund balances	\$ 12,718,638	\$ 2,063,280	\$ 14,781,918

See notes to basic financial statements.

Worth School District 127

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

Total fund balances - governmental funds	\$ 14,772,629
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.	8,492,465
Some liabilities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
Capital appreciation bonds	<u>(3,993,421)</u>
Net position of governmental activities	<u>\$ 19,271,673</u>

See notes to basic financial statements.

Worth School District 127

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis

Governmental Funds

Year Ended June 30, 2018

	Major Fund		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 7,722,139	\$ 2,060,780	\$ 9,782,919
Corporate property replacement taxes	67,600	1,016	68,616
Charges for services	190,382	-	190,382
Unrestricted state aid	4,838,905	-	4,838,905
Restricted state aid	614,537	238,667	853,204
Restricted federal aid	917,364	-	917,364
Interest	182,107	51,316	233,423
Total revenues	14,533,034	2,351,779	16,884,813
Expenditures:			
Current:			
Instruction:			
Regular programs	5,058,107	66,564	5,124,671
Special programs	1,212,114	84,895	1,297,009
Other instructional programs	6,399	11	6,410
Support services:			
Pupils	495,002	20,206	515,208
Instructional staff	242,196	1,951	244,147
General administration	550,045	15,994	566,039
School administration	707,393	33,341	740,734
Business	1,285,122	128,148	1,413,270
Operations and maintenance	1,380,566	-	1,380,566
Transportation	-	317,101	317,101
Central	-	22,402	22,402
Community services	18,148	218	18,366
Payments to other governments	1,234,453	-	1,234,453
Debt service:			
Principal	-	700,000	700,000
Interest and charges	-	800	800
Capital outlay	1,631,724	12,693	1,644,417
Total expenditures	13,821,269	1,404,324	15,225,593
Excess of revenues over expenditures	711,765	947,455	1,659,220
Other financing sources (uses):			
Transfers in	1,058,928	-	1,058,928
Transfers (out)	(23,896)	(1,035,032)	(1,058,928)
Total other financing sources (uses)	1,035,032	(1,035,032)	-
Change in fund balances	1,746,797	(87,577)	1,659,220
Fund balances:			
July 1, 2017	10,962,552	2,150,857	13,113,409
June 30, 2018	\$ 12,709,349	\$ 2,063,280	\$ 14,772,629

See notes to basic financial statements.

Worth School District 127

**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**

Net change in fund balances—total governmental funds	\$ 1,659,220
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation expense in the current period.	738,714
Accreted interest on capital appreciation bonds is not reported in the governmental fund, however, it results in an increase in long-term liabilities on the statement of net position.	(237,511)
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.	
General obligation bond principal retirement	<u>700,000</u>
Change in net position of governmental activities	<u><u>\$ 2,860,423</u></u>

See notes to basic financial statements.

Worth School District 127

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis

Agency Fund

June 30, 2018

	<u>Agency Student Activity Fund</u>
Assets, cash	<u><u>\$ 78,532</u></u>
Liabilities, due to activity fund organizations	<u><u>\$ 78,532</u></u>

See notes to basic financial statements.

Worth School District 127

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Worth School District 127 (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 community of Worth.

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.

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 presents the District's non-fiduciary assets and liabilities with the difference reported as net position.

Note 1. Summary of Significant Accounting Policies (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 the major governmental fund, 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 fund:

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.

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, deferred outflows of resources and liabilities, and deferred inflows of resources (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, deferred outflows of resources, liabilities and deferred inflows of resources 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 resource at the end of the period.

Note 1. Summary of Significant Accounting Policies (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 of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, capital assets and debt related activity. 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 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 – Modified Cash Basis.

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.

Capital Assets

Capital assets which include land, buildings and improvements, and furniture 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.

Worth School District 127

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair 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 with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	3 - 15 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days; however, noncertified, full-time employees earn vacation days which are accumulated.

All full-time employees receive 12 to 15 sick days and all other noncertified employees may receive up to 10 sick days per year with unlimited accumulation. These accumulated sick days do not vest; however, certified employees who retire are to receive payment of \$50 per day for accumulated days in excess of those applied toward retirement credit under the Teachers' Retirement System.

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.

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 as well as bond premiums or discounts are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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 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 result 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 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 to finance qualifying activities, then unrestricted resources as they are needed.

Worth School District 127

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance

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 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. At 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 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 other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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, 2018, the District had working cash stabilization fund balances of \$1,574,199 that have been classified as unassigned fund balances in the General Fund.

Worth School District 127

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 December 13, 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 collector, 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 vote approved increases.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide Statement of Activities – Modified Cash Basis, 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 funds. These budgets are adopted on a modified cash basis of accounting. All annual appropriations 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 October 1.

The appropriate 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.

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 deposits with federally insured financial institutions of \$83,531 with bank balances totaling \$86,065.

Worth School District 127

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Trustee's deposits may not be returned to it. The District's policy is to have all bank balances fully insured or collateralized. As of June 30, 2018, none of the District's bank balances of \$86,065 were exposed to custodial credit risk.

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>\$ 14,776,919</u>

Of the total pooled cash and investments held by Worth Township Trustees, maturities are approximately as follows: less than 1 year (29.59 percent), 1 to 5 years (49.85 percent), 6-10 years (16.55 percent), and greater than 10 years (4.01 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), Federal Agriculture Mortgage Corporation, GNMA (Ginnie Mae), Municipal Bonds and Commercial Paper.

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's investment policy requires that the investment portfolio is diversified as to 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, custodial credit risk, credit risk, and concentration of 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 required supplementary information. This report can also be obtained online at www.worthst.org/Public_Documents.html.

Worth School District 127**Notes to Financial Statements**

Note 3. Cash and Investments (Continued)

The above deposits and investments with a total carrying value of \$14,860,450 are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	\$ 14,781,918
Statement of Fiduciary Net Assets (FFS)	<u>78,532</u>
	<u><u>\$ 14,860,450</u></u>

Note 4. Capital Assets

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

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated,				
Land	\$110,334	\$ -	\$ -	\$ 110,334
Construction in progress	-	360,932	-	360,932
Total capital assets not being depreciated	<u>110,334</u>	<u>360,932</u>	<u>-</u>	<u>471,266</u>
Capital assets being depreciated:				
Buildings and improvements	11,552,294	456,361	-	12,008,655
Furniture and equipment	3,156,947	255,874	-	3,412,821
Total capital assets being depreciated	<u>14,709,241</u>	<u>712,235</u>	<u>-</u>	<u>15,421,476</u>
Less accumulated depreciation:				
Buildings and improvements	4,468,505	148,862	-	4,617,367
Furniture and equipment	2,597,319	185,591	-	2,782,910
Total accumulated depreciation	<u>7,065,824</u>	<u>334,453</u>	<u>-</u>	<u>7,400,277</u>
Capital assets being depreciated, net	<u>7,643,417</u>	<u>377,782</u>	<u>-</u>	<u>8,021,199</u>
Governmental activities				
Capital assets, net	<u><u>\$ 7,753,751</u></u>	<u><u>\$ 738,714</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,492,465</u></u>

Worth School District 127**Notes to Financial Statements**

Note 4. Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 147,173
Special programs	37,248
Other instructional programs	184
Support services:	
Pupils	14,796
Instructional staff	7,012
General administration	16,256
School administration	21,273
Business	40,587
Operations and maintenance	39,648
Transportation	9,107
Central	642
Community services	527
	<hr/>
	<u>\$ 334,453</u>

Note 5. Long-Term Debt

General long-term debt obligations as of June 30, 2018, and a summary of activity for the year then ended are as follows:

	Capital Appreciation Bonds
	<hr/>
Balance, July 1, 2017	\$ 4,455,910
Bonds retired	(700,000)
Accreted interest	237,511
	<hr/>
Balance, June 30, 2018	<u>\$ 3,993,421</u>
	<hr/>
Amounts due within one year	<u>\$ 319,018</u>

Worth School District 127

Notes to Financial Statements

Note 5. Long-Term Debt (Continued)

Interest rates range from 5.25 percent to 9.00 percent on the outstanding bonds. As of June 30, 2018, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	Capital Appreciation Bonds		Total
	Principal	Interest	
2019	\$ 319,018	\$ 380,982	\$ 700,000
2020	307,268	392,732	700,000
2021	295,467	404,533	700,000
2022	276,136	423,864	700,000
2023	258,152	441,848	700,000
2024	241,058	458,942	700,000
2025	207,556	437,444	645,000
	1,904,655	2,940,345	4,845,000
Accumulated Accretion	2,088,766	(2,088,766)	-
	<u>\$ 3,993,421</u>	<u>\$ 851,579</u>	<u>\$ 4,845,000</u>

The balance of capital appreciation bonds includes accreted interest in the amount of \$1,869,329 at June 30, 2018.

The District's estimated legal debt limitation of \$12,181,854 based on 6.9 percent of the 2017 equalized assessed valuation of \$176,548,611 less outstanding debt of \$1,904,655 which excludes accreted interest of \$1,869,329 results in an estimated legal debt margin of \$10,277,199 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 <https://www.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 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 6. 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.

Public Act 100-0023, enacted in 2017, creates an optional Tier III 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 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 \$4,262,783 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 \$33,290.

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 normal employer 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 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$213,494 were paid from federal and special trust funds that required employer contributions of \$21,563.

Note 6. Retirement Fund Commitments (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 current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District was required to pay no amounts to TRS for employer contributions under the ERO program.

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 District was required to pay no amounts to TRS for employer contributions due on salary increases in excess of 6 percent.

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, and rolled forward to June 30, 2017. 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.

Information for the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows can be obtained at <https://www.trsil.org/employers/employer-bulletins>.

Illinois Municipal Retirement Fund

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.

Worth School District 127

Notes to Financial Statements

Note 6. Retirement Fund Commitments (Continued)

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:

	IMRF
Retirees and Beneficiaries currently receiving benefits	206
Inactive Plan Members entitled to but not yet receiving benefits	103
Active Plan Members	44
	<u>353</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, 2018 and 2017 were 10.14 percent and 9.72 percent, respectively. For fiscal year 2018, the District contributed \$145,931 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.

Information regarding the District's change in fiduciary net position, as well as information provided by the Fund's actuary, are available at the District's administrative offices.

Note 7. Post-Employment Healthcare Plan

Teachers' Health Insurance Security Fund

Plan Description

The District participates in the Teachers' Health Insurance Security Fund (THIS) of the State of Illinois. THIS is a cost-sharing, multiple-employer defined benefit postemployment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of eligible retired Illinois public school teachers employed outside the City of Chicago. 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-THISFt.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 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 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 District paid \$50,510 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 \$67,729.

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.

Worth School District 127

Notes to Financial Statements

Note 7. Post-Employment Healthcare Plan (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 to be recorded on the government-wide financial statements.

Note 8. Commitments and 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.

As of June 30, 2018, the District had approximately \$1,565,799 of commitments over equipment upgrades or repairs and maintenance.

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 \$141,000.

Note 9. Lease Commitments

The District has operating leases for various photocopying equipment with varying monthly rentals based on the amount of usage per month. The total minimum lease commitment under these leases for 2019 is \$2,719.

Total rental expense for the year ended June 30, 2018, was \$32,625.

Note 10. 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, and South Suburban Benefit Cooperative (SSBC) for employee health coverage. SELF, SSCIP, and SSBC 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.

Worth School District 127

Notes to Financial Statements

Note 10. Risk Management (Continued)

The cooperative agreements provide that SSCIP and SSBC 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 the aggregate for general liability and property, and \$100,000 per individual and \$6,900,000 in the aggregate for employee health. SELF purchases insurance through Commercial Companies for its workers' compensation coverage with member premiums. The District, along with other members of SELF, SSCIP, and SSBC had a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was a member. SELF, SSCIP, and SSBC could have assessed supplemental premiums to fund these premium deficiencies. In the past three years, the District has not made any supplemental premium payments to the pools.

Each District appoints one representative to each pool's 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 11. Other Financial Disclosures (FFS Only)

At June 30, 2018, the District had no interfund loans. Interfund loans represent operating loans that are expected to be repaid in fiscal year 2018.

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

	Transfer In	Transfer Out
Major Governmental:		
General Fund:		
Educational Account	\$ 58,928	\$ -
Operations and Maintenance Account	1,000,000	-
Working Cash Account	-	(23,896)
	<u>\$ 1,058,928</u>	<u>\$ (23,896)</u>
Non-Major Fund:		
Special Revenue Fund:		
IMRF / Social Security Fund	\$ -	\$ 9,480
Transportation Fund	-	1,023,003
Debt Service Fund	-	2,549
	<u>\$ -</u>	<u>\$ 1,035,032</u>

Note 12. 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. 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.

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

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ended June 30, 2021. This statement improves accounting and financial reporting for leases by governments, 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 Borrowings and Direct Placements*, will be effective for the District beginning with its year ended June 30, 2019. This statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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. This statement's objectives 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 No. 14 and No. 61*, will be effective for the District beginning with its year ended June 30, 2020. This statement's objectives are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

Supplementary Information

Worth School District 127

**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 & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 7,988,120	\$ 7,722,139	\$ (265,981)
Corporate property replacement taxes	61,455	67,600	6,145
Charges for services	192,600	190,382	(2,218)
Unrestricted state aid	4,811,233	4,838,905	27,672
Restricted state aid	561,982	614,537	52,555
Restricted federal aid	954,921	917,364	(37,557)
Interest	125,000	182,107	57,107
Total revenues	14,695,311	14,533,034	(162,277)
Expenditures:			
Current:			
Instruction:			
Regular programs	5,369,764	5,058,107	311,657
Special programs	1,384,615	1,212,114	172,501
Other instructional programs	10,759	6,399	4,360
Support services:			
Pupils	555,622	495,002	60,620
Instructional staff	480,322	242,196	238,126
General administration	570,949	550,045	20,904
School administration	731,837	707,393	24,444
Business	1,312,767	1,285,122	27,645
Operations and maintenance	1,517,741	1,380,566	137,175
Other	302,142	-	302,142
Community services	18,113	18,148	(35)
Payments to other governments	1,127,000	1,234,453	(107,453)
Capital outlay	2,147,299	1,631,724	515,575
Total expenditures	15,528,930	13,821,269	1,707,661
Excess (deficiency) of revenues over (under) expenditures	<u>(833,619)</u>	<u>711,765</u>	<u>1,545,384</u>
Other financing sources (uses):			
Transfers in	1,043,000	1,058,928	15,928
Transfers (out)	(16,000)	(23,896)	(7,896)
Total financing sources (uses)	1,027,000	1,035,032	8,032
Change in fund balance	<u>\$ 193,381</u>	1,746,797	<u>\$ 1,553,416</u>
Fund balance:			
July 1, 2017		<u>10,962,552</u>	
June 30, 2018		<u>\$ 12,709,349</u>	

Worth School District 127

**Major Governmental Funds
Combining Balance Sheet - Modified Cash Basis
General Fund, By Accounts
June 30, 2018**

	Educational Account	Operations and Maintenance Account	Tort Immunity Account	Working Cash Account	Total
Assets					
Cash and investments	\$ 7,700,058	\$ 3,187,170	\$ 257,211	\$ 1,574,199	\$ 12,718,638
Liabilities and Fund Balance					
Other liabilities	\$ 9,289	\$ -	\$ -	\$ -	\$ 9,289
Fund balance:					
Restricted	-	3,187,170	257,211	-	3,444,381
Unassigned	7,690,769	-	-	1,574,199	9,264,968
Total fund balance	7,690,769	3,187,170	257,211	1,574,199	12,709,349
Total liabilities and fund balance	\$ 7,700,058	\$ 3,187,170	\$ 257,211	\$ 1,574,199	\$ 12,718,638

Worth School District 127

Major Governmental Funds

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 Immunity Account	Working Cash Account	Total
Revenues:					
Property taxes	\$ 6,666,439	\$ 794,720	\$ 188,921	\$ 72,059	\$ 7,722,139
Corporate property replacement taxes	67,600	-	-	-	67,600
Charges for services	58,699	131,683	-	-	190,382
Unrestricted state aid	3,838,905	1,000,000	-	-	4,838,905
Restricted state aid	614,537	-	-	-	614,537
Restricted federal aid	917,364	-	-	-	917,364
Interest	124,880	29,839	3,492	23,896	182,107
Total revenues	12,288,424	1,956,242	192,413	95,955	14,533,034
Expenditures:					
Current:					
Instruction:					
Regular programs	5,058,107	-	-	-	5,058,107
Special programs	1,212,114	-	-	-	1,212,114
Other instructional programs	6,399	-	-	-	6,399
Support services:					
Pupils	495,002	-	-	-	495,002
Instructional staff	242,196	-	-	-	242,196
General administration	550,045	-	-	-	550,045
School administration	707,393	-	-	-	707,393
Business	1,174,154	-	110,968	-	1,285,122
Operations and maintenance	-	1,380,566	-	-	1,380,566
Community services	18,148	-	-	-	18,148
Payments to other governments	1,234,453	-	-	-	1,234,453
Capital outlay	559,007	1,005,674	67,043	-	1,631,724
Total expenditures	11,257,018	2,386,240	178,011	-	13,821,269
Excess (deficiency) of revenues over (under) expenditures	1,031,406	(429,998)	14,402	95,955	711,765
Other financing sources (uses):					
Transfers in	58,928	1,000,000	-	-	1,058,928
Transfers out	-	-	-	(23,896)	(23,896)
Total other financing sources (uses)	58,928	1,000,000	-	(23,896)	1,035,032
Change in fund balance	1,090,334	570,002	14,402	72,059	1,746,797
Fund balance:					
July 1, 2017	6,600,435	2,617,168	242,809	1,502,140	10,962,552
June 30, 2018	\$ 7,690,769	\$ 3,187,170	\$ 257,211	\$ 1,574,199	\$ 12,709,349

Worth School District 127

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

	Educational Account		Operations and Maintenance		Tort Immunity Account		Working Cash Account		Total	
	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual
Revenues:										
Property taxes	\$ 6,905,007	\$ 6,666,439	\$ 813,572	\$ 794,720	\$ 194,809	\$ 188,921	\$ 74,732	\$ 72,059	\$ 7,988,120	\$ 7,722,139
Corporate property replacement taxes	61,455	67,600	-	-	-	-	-	-	61,455	67,600
Charges for services	61,600	58,699	131,000	131,683	-	-	-	-	192,600	190,382
Unrestricted state aid	3,811,233	3,838,905	1,000,000	1,000,000	-	-	-	-	4,811,233	4,838,905
Restricted state aid	561,982	614,537	-	-	-	-	-	-	561,982	614,537
Restricted federal aid	954,921	917,364	-	-	-	-	-	-	954,921	917,364
Interest	95,000	124,880	10,000	29,839	4,000	3,492	16,000	23,896	125,000	182,107
Total revenues	12,451,198	12,288,424	1,954,572	1,956,242	198,809	192,413	90,732	95,955	14,695,311	14,533,034
Expenditures:										
Current:										
Instruction:										
Regular programs	5,369,764	5,058,107	-	-	-	-	-	-	5,369,764	5,058,107
Special programs	1,384,615	1,212,114	-	-	-	-	-	-	1,384,615	1,212,114
Other instructional programs	10,759	6,399	-	-	-	-	-	-	10,759	6,399
Support services:										
Pupils	555,622	495,002	-	-	-	-	-	-	555,622	495,002
Instructional staff	480,322	242,196	-	-	-	-	-	-	480,322	242,196
General administration	570,949	550,045	-	-	-	-	-	-	570,949	550,045
School administration	731,837	707,393	-	-	-	-	-	-	731,837	707,393
Business	1,201,081	1,174,154	-	-	111,686	110,968	-	-	1,312,767	1,285,122
Operations and maintenance	-	-	1,517,741	1,380,566	-	-	-	-	1,517,741	1,380,566
Other	302,142	-	-	-	-	-	-	-	302,142	-
Community Services	18,113	18,148	-	-	-	-	-	-	18,113	18,148
Payments to other governments	1,127,000	1,234,453	-	-	-	-	-	-	1,127,000	1,234,453
Capital outlay	643,200	559,007	1,434,099	1,005,674	70,000	67,043	-	-	2,147,299	1,631,724
Total expenditures	12,395,404	11,257,018	2,951,840	2,386,240	181,686	178,011	-	-	15,528,930	13,821,269
Excess (deficiency) of revenues over (under) expenditures	55,794	1,031,406	(997,268)	(429,998)	17,123	14,402	90,732	95,955	(833,619)	711,765
Other financing sources (uses):										
Transfers in	43,000	58,928	1,000,000	1,000,000	-	-	-	-	1,043,000	1,058,928
Transfers (out)	-	-	-	-	-	-	(16,000)	(23,896)	(16,000)	(23,896)
Total other financing sources (uses)	43,000	58,928	1,000,000	1,000,000	-	-	(16,000)	(23,896)	1,027,000	1,035,032
Change in fund balance	98,794	1,090,334	2,732	570,002	17,123	14,402	74,732	72,059	193,381	1,746,797
Fund balance:										
July 1, 2017		6,600,435		2,617,168		242,809		1,502,140		10,962,552
June 30, 2018		<u>\$ 7,690,769</u>		<u>\$ 3,187,170</u>		<u>\$ 257,211</u>		<u>\$ 1,574,199</u>		<u>\$ 12,709,349</u>

Worth School District 127

Nonmajor Governmental Funds

Combining Balance Sheet - By Fund Type - Modified Cash Basis

June 30, 2018

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
	IMRF/ Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Life Safety Fund	
Assets					
Cash and investments	\$ 921,391	\$ 450,855	\$ 4,226	\$ 686,808	\$ 2,063,280
Liabilities and Fund Balances					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Restricted	921,391	450,855	4,226	686,808	2,063,280
Total liabilities and fund balances	\$ 921,391	\$ 450,855	\$ 4,226	\$ 686,808	\$ 2,063,280

Worth School District 127

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -

Modified Cash Basis - By Fund Type

Year Ended June 30, 2018

	Special Revenue Fund			Capital Project Fund	Total Nonmajor Governmental Funds
	IMRF/ Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Life Safety Fund	
Revenues:					
Property taxes	\$ 260,859	\$ 1,230,184	\$ 425,099	\$ 144,638	\$ 2,060,780
Restricted state aid	-	238,667	-	-	238,667
Corporate property replacement taxes	1,016	-	-	-	1,016
Interest	16,474	23,003	2,549	9,290	51,316
Total revenues	278,349	1,491,854	427,648	153,928	2,351,779
Expenditures:					
Instruction:					
Regular programs	66,564	-	-	-	66,564
Special programs	84,895	-	-	-	84,895
Other instructional programs	11	-	-	-	11
Support services:					
Pupils	20,206	-	-	-	20,206
Instructional staff	1,951	-	-	-	1,951
General administration	15,994	-	-	-	15,994
School administration	33,341	-	-	-	33,341
Business	128,148	-	-	-	128,148
Transportation	-	317,101	-	-	317,101
Central	22,402	-	-	-	22,402
Community services	218	-	-	-	218
Debt Service:					
Principal	-	-	700,000	-	700,000
Interest and charges	-	-	800	-	800
Capital outlay	-	-	-	12,693	12,693
Total expenditures	373,730	317,101	700,800	12,693	1,404,324
Excess (deficiency) of revenues over (under) expenditures	(95,381)	1,174,753	(273,152)	141,235	947,455
Other financing (uses):					
Transfers out	(9,480)	(1,023,003)	(2,549)	-	(1,035,032)
Change in fund balances	(104,861)	151,750	(275,701)	141,235	(87,577)
Fund balances:					
July 1, 2017	1,026,252	299,105	279,927	545,573	2,150,857
June 30, 2018	\$ 921,391	\$ 450,855	\$ 4,226	\$ 686,808	\$ 2,063,280

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 272,693	\$ 260,859	\$ (11,834)
Corporate property replacement taxes	1,000	1,016	16
Interest	12,000	16,474	4,474
Total revenues	<u>285,693</u>	<u>278,349</u>	<u>(7,344)</u>
Expenditures,			
Current:			
Instruction:			
Regular programs	70,050	66,564	3,486
Special programs	84,222	84,895	(673)
Other instructional programs	61	11	50
Support services:			
Pupils	30,013	20,206	9,807
Instructional staff	2,954	1,951	1,003
General administration	16,059	15,994	65
School administration	36,635	33,341	3,294
Business	139,544	128,148	11,396
Central	21,822	22,402	(580)
Community services	264	218	46
Total expenditures	<u>401,624</u>	<u>373,730</u>	<u>27,894</u>
Deficiency of revenues under expenditures	(115,931)	(95,381)	20,550
Other financing (use):			
Transfers out	(7,000)	(9,480)	(2,480)
Change in fund balance	<u>\$ (122,931)</u>	<u>(104,861)</u>	<u>\$ 18,070</u>
Fund balance:			
July 1, 2017		<u>1,026,252</u>	
June 30, 2018		<u>\$ 921,391</u>	

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 1,263,298	\$ 1,230,184	\$ (33,114)
Restricted state aid	184,500	238,667	54,167
Interest	15,000	23,003	8,003
Total revenues	<u>1,462,798</u>	<u>1,491,854</u>	<u>29,056</u>
Expenditures:			
Current:			
Support services,			
Transportation	<u>350,500</u>	<u>317,101</u>	<u>33,399</u>
Excess of revenues over expenditures	1,112,298	1,174,753	62,455
Other financing (use):			
Transfers out	<u>(1,015,000)</u>	<u>(1,023,003)</u>	<u>(8,003)</u>
Change in fund balance	<u>\$ 97,298</u>	151,750	<u>\$ 54,452</u>
Fund balance:			
July 1, 2017		<u>299,105</u>	
June 30, 2018		<u>\$ 450,855</u>	

Worth School District 127

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

Debt Service Fund

Year Ended June 30, 2018

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 438,779	\$ 425,099	\$ (13,680)
Interest	5,000	2,549	(2,451)
Total revenues	<u>443,779</u>	<u>427,648</u>	<u>(16,131)</u>
Expenditures:			
Debt service:			
Principal	700,000	700,000	-
Interest and charges	800	800	-
Total expenditures	<u>700,800</u>	<u>700,800</u>	<u>-</u>
Deficiency of revenues under expenditures	(257,021)	(273,152)	(16,131)
Other financing (use):			
Transfers out	(5,000)	(2,549)	2,451
Change in fund balance	<u>\$ (262,021)</u>	<u>(275,701)</u>	<u>\$ (13,680)</u>
Fund balance:			
July 1, 2017		<u>279,927</u>	
June 30, 2018		<u>\$ 4,226</u>	

Worth School District 127

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

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 148,965	\$ 144,638	\$ (4,327)
Interest	5,000	9,290	4,290
Total revenues	<u>153,965</u>	<u>153,928</u>	<u>(37)</u>
Expenditures:			
Capital outlay	<u>15,000</u>	<u>12,693</u>	<u>2,307</u>
Change in fund balance	<u><u>\$ 138,965</u></u>	<u>141,235</u>	<u><u>\$ 2,270</u></u>
Fund balance:			
July 1, 2017		<u>545,573</u>	
June 30, 2018		<u><u>\$ 686,808</u></u>	

Worth School District 127

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

	Tax Year				
	2017	2016	2015	2014	2013
Assessed Valuations	<u>\$ 176,548,611</u>	<u>\$ 150,600,941</u>	<u>\$ 145,056,425</u>	<u>\$ 149,134,270</u>	<u>\$ 161,424,562</u>
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	4.1480	3.3711	3.3711	3.5984	3.7884
Special Education	0.3425	0.3853	0.3853	0.4112	0.4330
Operations and Main- tenance Accounts:					
Standard	0.4709	0.5298	0.5298	0.5655	0.5953
Tort Immunity	0.1021	0.1368	0.0855	0.1065	0.2763
Working Cash Fund	0.0428	0.0482	0.0482	0.0514	0.0541
Transportation Fund	0.1896	1.5028	1.4580	1.2632	0.4144
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	0.0583	0.1026	0.1197	0.1420	0.2072
Social Security	0.0583	0.1197	0.1539	0.1420	0.2279
Bond and Interest Fund	0.4163	0.4880	0.4880	0.5067	0.4932
Fire Prevention and Life Safety Fund	0.0856	0.0963	0.0963	0.1028	0.1082
Total	<u>5.9145</u>	<u>6.7806</u>	<u>6.7357</u>	<u>6.8897</u>	<u>6.5980</u>
Extended Tax Rate	<u>5.914</u>	<u>6.781</u>	<u>6.736</u>	<u>6.890</u>	<u>6.598</u>
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 7,323,151	\$ 5,076,975	\$ 5,076,975	\$ 5,219,699	\$ 5,649,860
Special Education	604,648	580,226	580,226	596,537	645,698
Operations and Main- tenance Accounts:					
Standard	831,391	797,810	797,810	820,238	887,835
Tort Immunity	180,250	206,000	128,750	154,500	412,000
Working Cash Fund	75,581	72,528	72,528	74,567	80,712
Transportation Fund	334,750	2,263,228	2,195,704	1,832,311	618,000
Municipal Retirement Fund:					
Illinois Municipal Retirement Fund	103,000	154,500	180,250	206,000	309,000
Social Security	103,000	180,250	231,750	206,000	339,900
Bond and Interest Fund	735,000	735,000	735,000	735,000	735,473
Fire Prevention and Life Safety Fund	151,162	145,056	145,056	149,134	161,425
Totals	<u>\$ 10,441,933</u>	<u>\$ 10,211,573</u>	<u>\$ 10,144,049</u>	<u>\$ 9,993,986</u>	<u>\$ 9,839,903</u>
Taxes collected	<u>\$ 5,292,255</u>	<u>\$ 10,091,743</u>	<u>\$ 9,648,205</u>	<u>\$ 9,740,808</u>	<u>\$ 9,543,562</u>
Percentage collected	<u>50.68%</u>	<u>98.83%</u>	<u>95.11%</u>	<u>97.47%</u>	<u>96.99%</u>

Worth School District 127

**Schedule of Debt Service Requirements
June 30, 2018**

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
Total outstanding debt	2019	\$ 319,018	\$ 380,982	\$ 700,000
	2020	307,268	392,732	700,000
	2021	295,467	404,533	700,000
	2022	276,136	423,864	700,000
	2023	258,152	441,848	700,000
	2024	241,058	458,942	700,000
	2025	207,556	437,444	645,000
		1,904,655	2,940,345	4,845,000
Accumulated Accretion		2,088,766	(2,088,766)	-
		<u>\$ 3,993,421</u>	<u>\$ 851,579</u>	<u>\$ 4,845,000</u>
Capital Appreciation				
Bond Issue of November 24, 2004				
Original Amount \$499,996				
Interest payable semi annually				
at interest rate of 9.00%	2019	\$ 319,018	\$ 380,982	\$ 700,000
Paying Agent: Cole Taylor Bank	2020	180,978	239,022	420,000
		499,996	620,004	1,120,000
Accumulated Accretion		568,886	(568,886)	-
		<u>\$ 1,068,882</u>	<u>\$ 51,118</u>	<u>\$ 1,120,000</u>
Capital Appreciation				
Bond Issue of August 31, 2005				
Original Amount \$1,528,144				
Interest payable semi annually	2019	\$ -	\$ -	\$ -
at interest rate of 5.67% to 5.98%	2020	126,290	153,710	280,000
Paying Agent: Cole Taylor Bank	2021	295,467	404,533	700,000
	2022	276,136	423,864	700,000
	2023	258,152	441,848	700,000
	2024	241,058	458,942	700,000
	2025	207,556	437,444	645,000
		1,404,659	2,320,341	3,725,000
Accumulated Accretion		1,519,880	(1,519,880)	-
		<u>\$ 2,924,539</u>	<u>\$ 800,461</u>	<u>\$ 3,725,000</u>