Palos Heights School District 128

Financial Statements

June 30, 2026

Palos Heights School District 128

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Independent Auditors' Report

To the Board of Education of
Palos Heights School District 128

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Palos Heights School District 128 (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2026 and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Changes

As discussed in Note 12 to the financial statements, changes in the presentation of funds within the financial statements had occurred and adjustments were made to the reporting periods beginning fund balance. Our opinions are not modified with respect to this matter.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The 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.

Responsibilities of Management for the Financial Statements

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information included in the annual report but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2026 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.

Baker Tilly US, LLP

Chicago, Illinois
October 20, 2026

Palos Heights School District 128

Statement of Net Position—Modified Cash Basis
June 30, 2026

	Governmental Activities
Assets	
Cash and investments	$ 10,912,846
Student activity cash	12,362
Capital assets:	
Land	58,959
Construction in progress	790,524
Capital assets being depreciated, net of accumulated depreciation	15,284,664
Total assets	27,059,355
Liabilities and Net Position	
Liabilities	
Long-term liabilities:	
Other long-term liabilities, due within one year	940,000
Other long-term liabilities, due after one year	7,282,028
Total liabilities	8,222,028
Net Position	
Net investment in capital assets	7,912,119
Restricted for:	
Tort immunity	5,257
Operations and maintenance	182,298
Student transportation	486,015
Retirement benefits	299,692
Debt service	797,919
Capital projects	4,007,390
Unrestricted	5,146,637
Total net position	$ 18,837,327

See notes to basic financial statements

Palos Heights School District 128

Statement of Activities—Modified Cash Basis
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction:				
Regular programs	$ 5,277,763	$ 146,196	$ 4,712	$ (5,126,855)
Special programs	2,868,016	-	1,419,383	(1,448,633)
Other instructional programs	1,153,905	2,388	-	(1,151,517)
Student activities	96,271	95,522	-	(749)
Support services:				
Pupils	1,013,210	-	9,650	(1,003,560)
Instructional staff	170,173	-	11,736	(158,437)
General administration	766,377	-	-	(766,377)
School administration	868,109	-	-	(868,109)
Business	460,220	47,354	15,572	(397,294)
Transportation	824,071	21,304	132,559	(670,208)
Operations and maintenance	1,638,892	-	-	(1,638,892)
Central	577,835	-	-	(577,835)
Other supporting services	643	-	-	(643)
Intergovernmental:				
State retirement contributions	2,336,020	-	2,336,020	-
Other:				
Community services	82,429	-	-	(82,429)
Interest and fees	344,100	-	-	(344,100)
Total governmental activities	$ 18,478,034	$ 312,764	$ 3,929,632	(14,235,638)
General revenues:				
Taxes:				
Real estate taxes, levied for general purposes				7,804,752
Real estate taxes, levied for specific purposes				2,130,281
Real estate taxes, levied for debt service				1,291,181
Intergovernmental, unrestricted:				
Personal property replacement taxes				148,188
State aid-formula grants				632,564
Investment income				445,157
Sale or compensation for fixed assets				(721)
Total general revenues				12,451,402
Change in net position				(1,784,236)
Net Position, Beginning				20,621,563
Net Position, Ending				$ 18,837,327

See notes to basic financial statements

Palos Heights School District 128

Governmental Funds
Balance Sheet—Modified Cash Basis
June 30, 2026

	General Fund	Operations and Maintenance Fund	Transportation Fund
Assets			
Cash and investments	$ 5,139,532	$ 182,298	$ 486,015
Student activity cash	12,362	-	-
Total assets	$ 5,151,894	$ 182,298	$ 486,015
Fund Balance			
Fund Balance			
Restricted	$ 5,257	$ 182,298	$ 486,015
Assigned	12,362	-	-
Unassigned	5,134,275	-	-
Total fund balance	$ 5,151,894	$ 182,298	$ 486,015

See notes to basic financial statements

Municipal Retirement/ Social Security Fund	Debt Service Fund	Capital Projects Fund	Fire Prevention and Life Safety Fund	Total
$ 299,692	$ 797,919	$ 4,007,187	$ 203	$ 10,912,846
-	-	-	-	12,362
$ 299,692	$ 797,919	$ 4,007,187	$ 203	$ 10,925,208
$ 299,692	$ 797,919	$ 4,007,187	$ 203	$ 5,778,571
-	-	-	-	12,362
-	-	-	-	5,134,275
$ 299,692	$ 797,919	$ 4,007,187	$ 203	$ 10,925,208

See notes to basic financial statements

Palos Heights School District 128

Reconciliation of the Governmental Funds Balance Sheet–Modified Cash Basis
to the Statement of Net Position—Modified Cash Basis
June 30, 2026

Total Fund Balances, Governmental Funds—Modified Cash Basis		$ 10,925,208
Amounts reported for governmental activities in the Statement of Net Position—Modified Cash Basis are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position—Modified Cash Basis do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet—Modified Cash Basis.		16,134,147
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position—Modified Cash Basis.		
Balances at June 30, 2026 are:		
Bonds payable	$ (7,845,000)	
Unamortized bond premium	(377,028)	
		(8,222,028)
Net Position of Governmental Activities—Modified Cash Basis		$ 18,837,327

See notes to basic financial statements

Palos Heights School District 128

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis
Year Ended June 30, 2026

	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement/ Social Security Fund
Revenues				
Property taxes	$ 8,062,789	$ 913,047	$ 452,290	$ 506,907
Corporate personal property replacement taxes	145,506	-	-	2,682
State aid	4,685,319	100,000	132,559	-
Federal aid	572,099	-	-	-
Investment income	213,487	3,797	21,246	7,759
Student activities	95,522	-	-	-
Other	195,938	-	21,304	-
Total revenues	13,970,660	1,016,844	627,399	517,348
Expenditures				
Current:				
Instruction:				
Regular programs	4,896,838	-	-	71,902
Special programs	2,570,330	-	-	129,975
Other instructional programs	1,045,712	-	-	40,379
Student activities	96,271	-	-	-
Support services:				
Pupils	908,141	-	-	45,857
Instructional staff	159,324	-	-	904
General administration	705,181	-	-	16,274
School administration	786,327	-	-	30,828
Business	399,797	-	-	33,386
Transportation	-	-	774,569	1,343
Operations and maintenance	-	1,116,334	-	75,017
Central	522,289	-	-	14,229
Other supporting services	605	-	-	-
Community services	74,321	-	-	820
Intergovernmental:				
State retirement contributions	3,263,801	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	10,599	34,979	-	-
Total expenditures	15,439,536	1,151,313	774,569	460,914
Net change in fund balance	(1,468,876)	(134,469)	(147,170)	56,434
Fund Balance, Beginning, as Previously Reported	6,937,537	-	-	-
Accounting changes (see note disclosure)	(316,767)	316,767	633,185	243,258
Fund Balance, Beginning, as Restated	6,620,770	316,767	633,185	243,258
Fund Balance, Ending	$ 5,151,894	$ 182,298	$ 486,015	$ 299,692

See notes to basic financial statements

Debt Service Fund	Capital Projects Fund	Fire Prevention and Life Safety Fund	Nonmajor Governmental Funds	Total
$ 1,291,181	$ -	$ -	$ -	$ 11,226,214
-	-	-	-	148,188
-	-	-	-	4,917,878
-	-	-	-	572,099
22,097	176,763	8	-	445,157
-	-	-	-	95,522
-	-	-	-	217,242
1,313,278	176,763	8	-	17,622,300
-	-	-	-	4,968,740
-	-	-	-	2,700,305
-	-	-	-	1,086,091
-	-	-	-	96,271
-	-	-	-	953,998
-	-	-	-	160,228
-	-	-	-	721,455
-	-	-	-	817,155
-	-	-	-	433,183
-	-	-	-	775,912
-	231,864	-	-	1,423,215
-	-	-	-	536,518
-	-	-	-	605
-	-	-	-	75,141
-	-	-	-	3,263,801
1,095,000	-	-	-	1,095,000
412,965	-	-	-	412,965
-	1,688,030	-	-	1,733,608
1,507,965	1,919,894	-	-	21,254,191
(194,687)	(1,743,131)	8	-	(3,631,891)
-	5,750,318	-	1,869,244	14,557,099
992,606	-	195	(1,869,244)	-
992,606	5,750,318	195	-	14,557,099
$ 797,919	$ 4,007,187	$ 203	$ -	$ 10,925,208

See notes to basic financial statements

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis
to the Statement of Activities—Modified Cash Basis
Year Ended June 30, 2026

Net Change in Fund Balances, Total Governmental Funds—Modified Cash Basis		$ (3,631,891)
Amounts reported for governmental activities in the Statement of Activities—Modified Cash Basis are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities—Modified Cash Basis, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay is reported as an expenditure in the governmental funds but is capitalized in the Statement of Activities—Modified Cash Basis	$ 1,700,474	
Depreciation is reported in the Statement of Activities—Modified Cash Basis	(1,015,963)	
		684,511
The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net position.		(721)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds from current year long-term financing arrangements exceeded current year principal repayments.		1,095,000
Governmental funds report the effects of premiums, discounts and similar items when the debt is issued. However, these amounts are deferred and amortized in the Statement of Activities—Modified Cash Basis. This is the amount of the current year, net effect of these differences.		68,865
Change in Net Position of Governmental Activities—Modified Cash Basis		$ (1,784,236)

See notes to basic financial statements

1. Summary of Significant Accounting Policies

Palos Heights School District 128 (the District) operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the modified cash basis of accounting as applicable to the local governmental units of this type. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

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

Governmental Funds Financial Statements

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

Separate financial statements are provided for all governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures are recognized when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as described above. In the governmental fund financial statements, the current financial resources measurement focus is used. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

As a result of the use of the modified cash basis of accounting, certain assets and deferred inflows of resources and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources 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. All government-wide financial statements would be presented on the accrual basis of accounting.

Major Governmental Funds

General Fund - the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

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

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

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare and payments to the Social Security System for noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Debt Service Fund - accounts for the accumulation of resources that are restricted, committed or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Funds - accounts for the financial resources that are restricted, committed or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund - accounts for construction projects and renovations. The primary revenue source is bond issuances, interest earnings and transfers from other funds.

Fire Prevention and Life Safety Fund - accounts for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Investments are stated at cost.

Receivables and Payables

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

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2025 levy resolution was approved during the December 12, 2025 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt) PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2025 and 2024 tax levies were 2.9% and 3.4%, respectively.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

Capital Assets

Capital assets, which include land, buildings and other equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Assets	Years
Building and improvements	20-40 years
Equipment	3-15 years

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Equity Classifications

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

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets less than any unspent debt proceeds.

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

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

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

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

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

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

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

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. The Board of Education has declared that no other body or official may assign amounts for a specific purpose. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

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

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended in the General Fund is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. In all other funds (Special Revenue, Debt Service, Capital Projects), assigned fund balance will be spent first, followed by committed fund balance and then restricted fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2026 are as follows:

The restricted fund balance in the General Fund is comprised of $5,257 for tort immunity. The assigned fund balance in the General Fund of $12,362 is for student activity purposes. The remaining restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section.

Eliminations and Reclassifications

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

2. Stewardship, Compliance and Accountability

Budgetary Data

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the Governmental Funds are adopted on the cash basis, which is consistent with cash basis of accounting prescribed by the program accounting manual for Illinois school districts.

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.

3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.

4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.

5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.

6. All budget appropriations lapse at the end of the fiscal year.

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

Budget Reconciliations

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

	Revenues	Expenditures
General fund budgetary basis	$ 10,706,859	$ 12,175,735
To adjust for on-behalf payments received	3,263,801	-
To adjust for on-behalf payments made	-	3,263,801
General fund modified cash basis	$ 13,970,660	$ 15,439,536

Excess of Expenditures Over Budget

For the year ended June 30, 2026, expenditures exceeded budget in the Educational Accounts of the General Fund, the Operations and Maintenance Fund, the Transportation Fund, and the Capital Projects Fund by $198,310, $79,557, $256,173 and $319,894, respectively. These excesses were funded by available fund balances.

3. Changes in Accounting Principles

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance the effectiveness of governmental financial reports, including requirements related to management's discussion and analysis, unusual or infrequent items, proprietary fund statements, major component units and budgetary comparison information. This standard was implemented July 1, 2025.

4. Deposits and Investments

Cash and Investments Under the Custody of the Township Treasurer

Under the Illinois Compiled Statutes, the Worth Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments, other than the student activity and convenience accounts, petty cash and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Debt Service Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Worth Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates as a nonrated, external investment pool. The cost of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the cost of the investments held by the Treasurer's office.

The weighted average maturity of all marketable pooled investments held by the Treasurer was 5.67 years at June 30, 2026. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2026, the cost of all investments held by the Treasurer's office was $556,474,974 and the cost of the District's proportionate share of the pool was $10,910,846.

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized or uncollateralized is available from the Treasurer's financial statements.

Cash and Investments in the Custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

	Carrying Value	Bank Balance
Deposits with financial institutions	$ 14,362	$ 14,362
Total	$ 14,362	$ 14,362

Custodial Credit Risk

Deposits

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2026, the bank balance of the District's deposit with financial institutions totaled $14,362; of this amount, $0 was uncollateralized and uninsured.

5. Capital Assets

Capital asset activity for the District for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 58,959	$ -	$ -	$ 58,959
Construction in progress	-	790,524	-	790,524
Total capital assets not being depreciated	58,959	790,524	-	849,483
Capital assets being depreciated:				
Buildings	31,482,590	897,950	-	32,380,540
Equipment	3,344,599	12,000	14,404	3,342,195
Total capital assets being depreciated	34,827,189	909,950	14,404	35,722,735
Less accumulated depreciation for:				
Buildings	16,487,092	899,350	-	17,386,442
Equipment	2,948,699	116,613	13,683	3,051,629
Total accumulated depreciation	19,435,791	1,015,963	13,683	20,438,071
Net capital assets being depreciated	15,391,398	(106,013)	721	15,284,664
Net governmental activities capital assets	$ 15,450,357	$ 684,511	$ 721	$ 16,134,147

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

Governmental Activities	Depreciation
Regular programs	$ 308,443
Special programs	167,711
Other instructional programs	67,814
Pupils	59,212
Instructional staff	9,945
General administration	44,922
School administration	50,954
Business	27,037
Transportation	48,159
Operations and maintenance	193,142
Central	33,769
Other supporting services	38
Community services	4,817
Total depreciation expense, governmental activities	$ 1,015,963

6. Long Term Liabilities

Changes in General Long-Term Liabilities

The following is the long-term liability activity for the District for the year ended June 30, 2026:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds	$ 8,940,000	$ -	$ 1,095,000	$ 7,845,000	$ 940,000
Unamortized premium	445,893	-	68,865	377,028	-
Total bonds payable	9,385,893	-	1,163,865	8,222,028	940,000
Total long-term liabilities - governmental activities	$ 9,385,893	$ -	$ 1,163,865	$ 8,222,028	$ 940,000

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Original Amount	Carrying Amount
Series 2022 General Obligation Limited Tax School Bonds, dated March 3, 2022 are due in annual installments through December 1, 2026	4.00%-5.00%	$ 4,665,000	$ 580,000
Series 2023 General Obligation Limited Tax School Bonds, dated December 18, 2023 are due in annual installments through December 1, 2028	5.00%	1,960,000	1,960,000
Series 2025 General Obligation Limited Tax School Bonds, dated May 13, 2025 are due in annual installments through December 1, 2037	4.00% - 5.00%	5,305,000	5,305,000
Total		$ 11,930,000	$ 7,845,000

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	Principal	Interest	Total
2027	$ 940,000	$ 352,000	$ 1,292,000
2028	845,000	310,675	1,155,675
2029	885,000	267,425	1,152,425
2030	470,000	233,550	703,550
2031	495,000	209,425	704,425
2032-2036	2,865,000	640,875	3,505,875
2037-2038	1,345,000	54,300	1,399,300
Total	$ 7,845,000	$ 2,068,250	$ 9,913,250

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2026, the statutory debt limit for the District was $27,881,745, providing a debt margin of $20,036,745.

7. Risk Management

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

The District continues to carry commercial insurance for all other risks of loss, including property damage, liability coverage, employee welfare, etc. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Other Postemployment Benefits

Teachers' Health Insurance Security

Plan Description

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

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

Benefits Provided

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

On Behalf Contributions to THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 0.90% of pay during the year ended June 30, 2026. State of Illinois contributions of $62,411 were recognized as revenues and expenditures by the District during the year in the General Fund based on the current financial resources measurement basis. On the economic resources measurement basis, the District recognizes revenues and expenses of $(391,665) in Governmental Activities equal to the proportion of the State of Illinois's OPEB expense associated with the employer.

Contributions

The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.67% during the year ended June 30, 2026. The percentage of employer required contributions in the future will not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. For the year ended June 30, 2026, the District paid $46,461 to the THIS Fund, which was 100% of the required contribution for the year.

THIS Fiduciary Net Position

Detailed information about the THIS Fund's fiduciary net position as of June 30, 2025 is available in the separately issued THIS Annual Financial Report.

Net OPEB Liability

At June 30, 2026, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for the state's retiree insurance support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 1,781,552
State's proportionate share of the collective net OPEB liability associated with the District	2,416,781
Total	$ 4,198,333

The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2025, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2025 and 2024, the District's proportion was 0.019830% and 0.019868%, respectively.

Actuarial Assumptions

The net OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	4.00% to 8.50%
Investment Rate of Return	2.75%
Healthcare Cost Trend Rates, Initial	8.00%
Healthcare Cost Trend Rates, Ultimate	4.25%
Fiscal Year the Ultimate Rate is Reached	2042

Mortality rates for retirement and beneficiary annuitants were based on the PubT-2010 Retiree Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the PubNS-2010 Non-Safety Disabled Retiree Table. Mortality rates for pre-retirement were based on the PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2023.

Discount Rate

At June 30, 2025, the discount rate used to measure the total OPEB liability was a blended rate of 5.20%, which was a change from the June 30, 2024 rate of 3.97%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	$ 1,990,835	$ 1,781,552	$ 1,601,150

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.00% decreasing to an ultimate rate of 3.25%) or 1-percentage-point higher (initial rate of 9.00% decreasing to an ultimate rate of 5.25%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 1,545,897	$ 1,781,552	$ 2,068,372

OPEB Expense

District OPEB expense, as part of the June 30, 2025 valuation, was $(300,940). For the year ended June 30, 2026, the District recognized on-behalf revenue and expense of $(391,665) for support provided by the state.

9. Retirement Systems

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

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/acfrs/fy2025; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the highest four. Disability provisions for *Tier 2* are identical to those of *Tier 1*. Death benefits are payable under a formula that is different from *Tier 1*.

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

Public Act 100-0023, enacted in 2017, creates an optional *Tier 3* hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring *Tier 1* members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested *Tier 1 and 2* members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and are funded by bonds issued by the State of Illinois.

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90% 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, 2025 was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On Behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2026, State of Illinois contributions recognized by the District were based on the state's proportionate share of the pension expense associated with the District, and the District recognized revenue and expense of $2,727,685 in governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of $3,201,390 in the General Fund based on the current financial resources measurement basis.

2.2 Formula Contributions

Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2026, were $40,211.

Federal and Special Trust Fund Contributions

When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District 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 District normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2026, the District pension contribution was 10.34% of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2026, were $11,412, which was equal to the District's required contribution.

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2025 is available in the separately issued TRS Annual Comprehensive Financial Report.

Net Pension Liability

At June 30, 2026, the District has a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount allocated to the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 485,520
State's proportionate share of the collective net pension liability associated with the District	39,015,416
Total	$ 39,500,936

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, and rolled forward to June 30, 2025. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2025, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2025 and 2024, the District's proportion was 0.00057287% and 0.00054997%, respectively.

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The assumptions used to measure the total pension liability in the June 30, 2025 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit and (c) inflation of 2.5%. These actuarial assumptions were based on an experience study dated August 16, 2024.

Mortality

In the June 30, 2025 actuarial valuation, mortality rates were based on the PubT-2010 Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table 2024 Adjusted Scale MP-2021.

Long-Term Expected Real Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	37.00 %	4.59 %
Private equity	15.00	7.93
Public income	15.00	3.52
Private credit	8.00	6.70
Real estate	16.00	4.76
Infra/other real assets	2.00	5.38
Diversifying strategies	6.00	2.83
Cash equivalents	1.00	0.25

Discount Rate

At June 30, 2025, the discount rate used to measure the total pension liability was a blended rate of 7.00%, which was the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2025 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	$ 603,993	$ 485,520	$ 387,212

Pension Expense

District pension expense, as part of the June 30, 2025 valuation, was $45,970. For the year ended June 30, 2026, the District recognized TRS-related pension expense of $17,622 and on-behalf revenue and expense of $2,727,685 for support provided by the state.

Illinois Municipal Retirement Fund

Plan Description

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

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

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual 2% for each year of service credit after 15 years to a maximum of 75% of their *Regular Tier 2,* final rate retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under *Regular Tier 2,* the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Plan Membership

At December 31, 2025, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	224
Inactive, nonretired members	161
Active members	59
Total	444

Contributions

As set by statute, District employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2025 was 8.80% of annual covered payroll. 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 benefits rate is set by statute.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The assumptions used to measure the total pension liability in the December 31, 2025 annual actuarial valuation included (a) 7.25% investment rate of return, (b) projected salary increases from 2.85% to 13.75% and (c) price inflation of 2.25%. The actuarial cost method was entry age normal and asset valuation method was market value. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.

Mortality

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2021.

Long-Term Expected Real Rate of Return

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

		Projected Returns/Risk	
Asset Class	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	32.50 %	4.85 %	7.35 %
International equities	18.00	4.95	7.45
Fixed income	24.00	2.25	4.75
Real estate	10.50	3.75	6.25
Alternatives	14.00		
Private equity		6.00	8.50
Commodities		1.40	3.90
Cash equivalents	1.00	0.50	3.00

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability/(asset)	$ 1,023,930	$ 197,644	$ (490,383)

Changes in Net Pension Liability/(Asset)

The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2025 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at December 31, 2024	$ 8,367,426	$ 7,524,620	$ 842,806
Service cost	168,772	-	168,772
Interest on total pension liability	591,447	-	591,447
Differences between expected and actual experience of the total pension liability	113,218	-	113,218
Benefit payments, including refunds of employee contributions	(587,836)	(587,836)	-
Contributions, employer	-	175,085	(175,085)
Contributions, employee	-	95,733	(95,733)
Net investment income	-	1,201,172	(1,201,172)
Other (net transfer)	-	46,609	(46,609)
Balances at December 31, 2025	$ 8,653,027	$ 8,455,383	$ 197,644

Pension Expense

District pension expense, as part of the December 31, 2025 valuation, was $145,108. For the year ended June 30, 2026, the District recognized pension expense of $198,731.

10. Construction Commitments

As of June 30, 2026, the District is committed to approximately $1,583,276 in expenditures in the upcoming years for various construction projects. These expenditures will be paid through the available fund balances and building bonds already issued.

11. State and Federal Aid Contingencies

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

12. Accounting Changes

Changes to or Within the Financial Reporting Entity (See Adjustments Below)

During the fiscal year ended June 30, 2026, the District reclassified the Operations and Maintenance Fund from the General Fund to a major special revenue fund. The District also reclassified the Debt Service Fund, the Transportation Fund, the IMRF/Social Security Fund, and the Fire Prevention and Life Safety Fund from a nonmajor fund to major funds. This decision was based on the District's assessment that the operations of the funds are sufficiently significant to the District's overall financial activities to justify major fund presentation. The reclassification aims to provide a more accurate and relevant representation of the District's financial position.

Adjustments to Beginning Balances

During fiscal year 2026, changes to or within the financial reporting entity resulted in adjustments to and restatements of fund balances as follows:

	June 30, 2025 as Previously Reported	Change to or Within the Financial Reporting Entity	June 30, 2025 as Adjusted
Governmental funds:			
Major funds:			
General Fund	$ 6,937,537	$ (316,767)	$ 6,620,770
Capital Projects Fund	5,750,318	-	5,750,318
Operations and Maintenance Fund	-	316,767	316,767
Transportation Fund	-	633,185	633,185
Municipal Retirement/Social Security Fund	-	243,258	243,258
Debt Service Fund	-	992,606	992,606
Fire Prevention and Life Safety Fund	-	195	195
Nonmajor funds	1,869,244	(1,869,244)	-
Total governmental funds	$ 14,557,099	$ -	$ 14,557,099

13. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 105, *Subsequent Events*.

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

Palos Heights School District 128

Illinois Municipal Retirement Fund
Schedule of Changes in the District's Net Pension Liability/(Asset)
and Related Ratios
Ten Most Recent Fiscal Years

	2026	2025	2024
Total Pension Liability			
Service cost	$ 168,772	$ 146,677	$ 167,399
Interest	591,447	576,273	580,341
Changes of benefit terms	-	-	-
Differences between expected and actual experience	113,218	53,161	(228,402)
Changes of assumptions	-	-	(10,271)
Benefit payments, including refunds of member contributions	(587,836)	(567,874)	(541,771)
Net change in total pension liability	285,601	208,237	(32,704)
Total Pension Liability, Beginning	8,367,426	8,159,189	8,191,893
Total Pension Liability, Ending (a)	$ 8,653,027	$ 8,367,426	$ 8,159,189
Plan Fiduciary Net Position			
Employer contributions	$ 175,085	$ 171,321	$ 157,722
Employee contributions	95,733	78,301	69,329
Net investment income	1,201,172	739,180	766,724
Benefit payments, including refunds of member contributions	(587,836)	(567,874)	(541,771)
Other (net transfer)	46,609	(242,587)	78,903
Net change in plan fiduciary net position	930,763	178,341	530,907
Plan Fiduciary Net Position, Beginning	7,524,620	7,346,279	6,815,372
Plan Fiduciary Net Position, Ending (b)	$ 8,455,383	$ 7,524,620	$ 7,346,279
Employer's Net Pension Liability/(Asset), Ending (a) - (b)	$ 197,644	$ 842,806	$ 812,910
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.72%	89.93%	90.04%
Covered Payroll	$ 1,989,609	$ 1,741,065	$ 1,538,753
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.93%	48.41%	52.83%

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

2023	2022	2021	2020	2019	2018	2017
$ 139,158	$ 142,978	$ 142,665	$ 142,826	$ 134,431	$ 132,160	$ 141,918
555,980	554,867	528,153	506,383	499,819	485,834	457,994
-	-	-	-	-	-	-
151,766	(175,626)	230,609	110,827	(49,175)	185,362	119,368
-	-	(42,534)	-	172,520	(207,583)	(20,573)
(508,244)	(501,664)	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)
338,660	20,555	379,401	320,159	314,558	217,921	382,261
7,853,233	7,832,678	7,453,277	7,133,118	6,818,560	6,600,639	6,218,378
$ 8,191,893	$ 7,853,233	$ 7,832,678	$ 7,453,277	$ 7,133,118	$ 6,818,560	$ 6,600,639
$ 192,096	$ 188,473	$ 183,848	$ 148,610	$ 104,920	$ 147,377	$ 142,970
78,939	63,465	62,584	61,096	37,178	56,780	55,281
(1,105,625)	1,281,523	961,402	1,106,974	(390,001)	1,006,662	345,370
(508,244)	(501,664)	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)
(291)	(210,204)	40,403	33,691	92,047	(91,756)	49,706
(1,343,125)	821,593	768,745	910,494	(598,893)	741,211	276,881
8,158,497	7,336,904	6,568,159	5,657,665	6,256,558	5,515,347	5,238,466
$ 6,815,372	$ 8,158,497	$ 7,336,904	$ 6,568,159	$ 5,657,665	$ 6,256,558	$ 5,515,347
$ 1,376,521	$ (305,264)	$ 495,774	$ 885,118	$ 1,475,453	$ 562,002	$ 1,085,292
83.20%	103.89%	93.67%	88.12%	79.32%	91.76%	83.56%
$ 1,571,979	$ 1,409,666	$ 1,388,585	$ 1,342,453	$ 1,218,657	$ 1,261,788	$ 1,228,057
87.57%	-21.66%	35.70%	65.93%	121.07%	44.54%	88.37%

See notes to basic financial statements

Illinois Municipal Retirement Fund
Schedule of District Contributions
Ten Most Recent Fiscal Years

	2026	2025	2024	2023	2022
Actuarially determined contribution	$ 175,086	$ 171,321	$ 157,722	$ 192,096	$ 188,472
Contributions in relation to the actuarially determined contribution	175,085	171,321	157,722	192,096	188,473
Contribution deficiency (excess)	$ 1	$ -	$ -	$ -	$ (1)
Covered payroll	$ 1,989,609	$ 1,741,065	$ 1,538,753	$ 1,571,979	$ 1,409,666
Contributions as a percentage of covered payroll	8.80%	9.84%	10.25%	12.22%	13.37%

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 183,849	$ 148,610	$ 152,820	$ 147,377	$ 142,455
Contributions in relation to the actuarially determined contribution	183,848	148,610	104,920	147,377	142,970
Contribution deficiency (excess)	$ 1	$ -	$ 47,900	$ -	$ (515)
Covered payroll	$ 1,388,585	$ 1,342,453	$ 1,218,657	$ 1,261,788	$ 1,228,057
Contributions as a percentage of covered payroll	13.24%	11.07%	8.61%	11.68%	11.64%

Notes to Schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Wage growth	2.75%
Inflation	2.25%
Salary increases	2.85% to 13.75%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	MP-2021

Other information:

There were no benefit changes during the year.

Palos Heights School District 128

Teachers' Retirement System
Schedule of the District's Proportionate Share of the Collective Net Pension Liability and Schedule of District Contributions
Nine Most Recent Fiscal Years

	2026	2025	2024	2023
District's proportion of the net pension liability	0.00057287%	0.00054997%	0.00052678%	0.00053729%
District's proportionate share of the net pension liability	$ 485,520	$ 472,235	$ 447,658	$ 450,469
State's proportionate share of the net pension liability	39,015,416	39,374,307	38,633,150	39,075,189
Total net pension liability	$ 39,500,936	$ 39,846,542	$ 39,080,808	$ 39,525,658
Covered payroll	$ 6,264,146	$ 5,922,152	$ 5,506,822	$ 5,497,473
District's proportionate share of the net pension liability as a percentage of covered payroll	7.75%	7.97%	8.13%	8.19%
Plan fiduciary net position as a percentage of the total pension liability	47.69%	45.40%	43.90%	42.80%
Contractually required contribution	$ 51,632	$ 48,059	$ 58,221	$ 44,097
Contributions in relation to the contractually required contribution	51,623	48,060	58,213	44,103
Contribution deficiency (excess)	$ 9	$ (1)	$ 8	$ (6)
Covered payroll	$ 6,934,516	$ 6,264,146	$ 5,922,152	$ 5,506,822
Contributions as a percentage of covered payroll	0.74%	0.77%	0.98%	0.80%

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

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.00%	7.00%
Municipal bond index	3.93%	3.65%	3.54%	2.16%
Single equivalent discount rate	7.00%	7.00%	7.00%	7.00%
Inflation rate	2.50%	2.50%	2.50%	2.25%
Projected salary increases	4.00% to 8.50% varying by service	4.00% to 8.50% varying by service	3.75% to 8.75% varying by service	3.75% to 8.75% varying by service

2022	2021	2020	2019	2018
0.00057380%	0.00054028%	0.00062289%	0.00058465%	0.00069183%
$ 447,632	$ 465,802	$ 505,216	$ 455,702	$ 528,543
37,516,279	36,484,028	35,955,658	31,217,501	31,132,169
$ 37,963,911	$ 36,949,830	$ 36,460,874	$ 31,673,203	$ 31,660,712
$ 5,143,420	$ 4,540,017	$ 4,435,779	$ 4,241,180	$ 4,204,908
8.70%	10.26%	11.39%	10.74%	12.57%
45.10%	37.80%	39.60%	40.00%	39.3%
$ 57,124	$ 37,714	$ 33,619	$ 31,459	$ 24,599
51,288	37,717	33,625	31,459	24,292
$ 5,836	$ (3)	$ (6)	$ -	$ 307
$ 5,497,473	$ 5,143,420	$ 4,540,017	$ 4,435,779	$ 4,241,180
0.93%	0.73%	0.74%	0.71%	0.57%

7.00%	7.00%	7.00%	7.00%	7.00%
2.21%	3.50%	3.87%	3.58%	2.85%
7.00%	7.00%	7.00%	7.00%	6.83%
2.50%	2.50%	2.50%	2.50%	2.50%
3.50% to 8.50%	4.00% to 9.50%	4.00% to 9.50%	4.00% to 9.50%	3.25% to 9.25%
/arying by service	varying by service	varying by service	varying by service	varying by service

See notes to basic financial statements

Palos Heights School District 128

Teachers' Health Insurance Security Fund
Schedule of the District's Proportionate Share
of the Collective Net OPEB Liability and Schedule of District Contributions
Seven Most Recent Fiscal Years

	2026	2025	2024
District's proportion of the net OPEB liability	0.0198300000%	0.0198680000%	0.0197430000%
District's proportionate share of the net OPEB liability	$ 1,781,552	$ 1,571,688	$ 1,407,175
State's proportionate share of the net OPEB liability	2,416,781	2,134,418	1,902,924
Total net OPEB liability	$ 4,198,333	$ 3,706,106	$ 3,310,099
Covered payroll	$ 6,264,146	$ 5,922,152	$ 5,506,822
District's proportionate share of the net OPEB liability as a percentage of covered payroll	28.44%	26.54%	25.55%
Plan fiduciary net position as a percentage of the total pension liability	8.03%	0.00%	0.00%
Contractually required contribution	$ 46,461	$ 41,969	$ 39,678
Contributions in relation to the contractually required contribution	46,461	41,969	39,678
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 6,934,516	$ 6,264,146	$ 5,922,152
Contributions as a percentage of covered payroll	0.67%	0.67%	0.67%

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

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

Key Assumptions:

Long-term expected rate of return	2.75%	2.75%	2.75%
Municipal bond index	5.20%	3.97%	3.86%
Single equivalent discount rate	5.20%	3.97%	3.86%
Inflation rate	2.25%	2.25%	2.25%
Healthcare cost trend rates - initial	Medicare and Non-Medicare - 8.00%	Medicare and Non-Medicare - 8.00%	Medicare and Non-Medicare - 8.00%
Healthcare cost trend rates - ultimate	4.25%	4.25%	4.25%
Mortality	PubT-2010	PubT-2010	PubT-2010

2023	2022	2021	2020
0.0199220000%	0.0179510000%	0.0179510000%	0.0194450000%
$ 1,363,572	$ 4,372,141	$ 4,799,379	$ 5,381,993
1,855,026	5,928,046	6,519,572	7,287,753
$ 3,218,598	$ 10,300,187	$ 11,318,951	$ 12,669,746
$ 5,497,473	$ 5,143,420	$ 4,540,017	$ 4,435,779
24.80%	85.00%	105.71%	121.33%
0.00%	0.00%	0.00%	0.00%
$ 36,896	$ 36,833	$ 47,319	$ 41,768
36,896	36,833	47,319	41,768
$ -	$ -	$ -	$ -
$ 5,506,822	$ 5,497,473	$ 5,143,420	$ 4,540,017
0.67%	0.67%	0.92%	0.92%

2.75%	2.75%	0.00%	0.00%
3.69%	1.92%	2.45%	3.13%
3.69%	1.92%	2.45%	3.13%
2.25%	2.50%	2.50%	2.50%
Medicare and Non-Medicare - 8.00%	Medicare and Non-Medicare - 8.00%	Medicare and Non-Medicare - 8.25%	Medicare - 9.00% Non-Medicare - 8.00%
4.25%	4.25%	4.25%	4.50%
PubT-2010	RP-2014 Tables	RP-2014 Tables	RP-2014 Tables

Palos Heights School District 128

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual - Non-GAAP Budgetary Basis
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 8,245,000	$ 8,062,789	$ (182,211)
Corporate personal property replacement taxes	151,733	145,506	(6,227)
State aid	1,546,525	1,421,518	(125,007)
Federal aid	481,850	572,099	90,249
Investment income	254,144	213,487	(40,657)
Student activities	-	95,522	95,522
Other	187,000	195,938	8,938
Total revenues	10,866,252	10,706,859	(159,393)
Expenditures			
Current:			
Instruction:			
Regular programs	4,852,009	4,896,838	(44,829)
Special programs	2,526,204	2,570,330	(44,126)
Other instructional programs	1,093,435	1,045,712	47,723
Student activities	-	96,271	(96,271)
Support services:			
Pupils	847,118	908,141	(61,023)
Instructional staff	162,880	159,324	3,556
General administration	663,744	705,181	(41,437)
School administration	779,224	786,327	(7,103)
Business	403,231	399,797	3,434
Central	541,918	522,289	19,629
Other supporting services	1,150	605	545
Community services	72,012	74,321	(2,309)
Capital outlay	34,500	10,599	23,901
Total expenditures	11,977,425	12,175,735	(198,310)
Net change in fund balance	$ (1,111,173)	(1,468,876)	$ (357,703)
Fund Balance, Beginning, as Previously Reported		6,937,537	
Accounting changes (see note disclosure)		(316,767)	
Fund Balance, Beginning, as Restated		6,620,770	
Fund Balance, Ending		$ 5,151,894	

Palos Heights School District 128

Operations and Maintenance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 874,000	$ 913,047	$ 39,047
State aid	100,000	100,000	-
Investment income	18,000	3,797	(14,203)
Total revenues	992,000	1,016,844	24,844
Expenditures			
Current:			
Support services:			
Operations and maintenance	1,002,887	1,116,334	(113,447)
Capital outlay	68,869	34,979	33,890
Total expenditures	1,071,756	1,151,313	(79,557)
Net change in fund balance	$ (79,756)	(134,469)	$ (54,713)
Fund Balance, Beginning, as Previously Reported		-	
Accounting changes (see note disclosure)		316,767	
Fund Balance, Beginning, as Restated		316,767	
Fund Balance, Ending		$ 182,298	

Palos Heights School District 128

Transportation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 463,000	$ 452,290	$ (10,710)
State aid	178,000	132,559	(45,441)
Investment income	18,000	21,246	3,246
Other	13,500	21,304	7,804
Total revenues	672,500	627,399	(45,101)
Expenditures			
Current:			
Support services:			
Transportation	518,396	774,569	(256,173)
Total expenditures	518,396	774,569	(256,173)
Net change in fund balance	$ 154,104	(147,170)	$ (301,274)
Fund Balance, Beginning, as Previously Reported		-	
Accounting changes (see note disclosure)		633,185	
Fund Balance, Beginning, as Restated		633,185	
Fund Balance, Ending		$ 486,015	

Palos Heights School District 128

Municipal Retirement/Social Security Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 432,000	$ 506,907	$ 74,907
Corporate personal property replacement taxes	2,797	2,682	(115)
Investment income	5,500	7,759	2,259
Total revenues	440,297	517,348	77,051
Expenditures			
Current:			
Instruction:			
Regular programs	75,454	71,902	3,552
Special programs	134,270	129,975	4,295
Other instructional programs	41,995	40,379	1,616
Support services:			
Pupils	37,421	45,857	(8,436)
Instructional staff	859	904	(45)
General administration	15,290	16,274	(984)
School administration	32,235	30,828	1,407
Business	33,114	33,386	(272)
Transportation	1,795	1,343	452
Operations and maintenance	75,511	75,017	494
Central	14,573	14,229	344
Community services	669	820	(151)
Total expenditures	463,186	460,914	2,272
Net change in fund balance	$ (22,889)	56,434	$ 79,323
Fund Balance, Beginning, as Previously Reported		-	
Accounting changes (see note disclosure)		243,258	
Fund Balance, Beginning, as Restated		243,258	
Fund Balance, Ending		$ 299,692	

Palos Heights School District 128

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 1,262,000	$ 1,291,181	$ 29,181
Investment income	31,000	22,097	(8,903)
Total revenues	1,293,000	1,313,278	20,278
Expenditures			
Debt service:			
Principal	1,095,000	1,095,000	-
Interest and other	413,475	412,965	510
Total expenditures	1,508,475	1,507,965	510
Net change in fund balance	$ (215,475)	(194,687)	$ 20,788
Fund Balance, Beginning, as Previously Reported		-	
Accounting changes (see note disclosure)		992,606	
Fund Balance, Beginning, as Restated		992,606	
Fund Balance, Ending		$ 797,919	

Palos Heights School District 128

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Investment income	$ -	$ 176,763	$ 176,763
Total revenues	-	176,763	176,763
Expenditures			
Current:			
Support services:			
Operations and maintenance	300,000	231,864	68,136
Capital outlay	1,300,000	1,688,030	(388,030)
Total expenditures	1,600,000	1,919,894	(319,894)
Net change in fund balance	$ (1,600,000)	(1,743,131)	$ (143,131)
Fund Balance, Beginning		5,750,318	
Fund Balance, Ending		$ 4,007,187	

Palos Heights School District 128

Fire Prevention and Life Safety Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Investment income	$ 8	$ 8	$ -
Total revenues	8	8	-
Expenditures			
Total	-	-	-
Net change in fund balance	$ 8	8	$ -
Fund Balance, Beginning, as Previously Reported		-	
Accounting changes (see note disclosure)		195	
Fund Balance, Beginning, as Restated		195	
Fund Balance, Ending		$ 203	

Palos Heights School District 128

General Fund
Combining Balance Sheet—Modified Cash Basis
June 30, 2026

	Educational Accounts	Tort Immunity and Judgment Accounts	Working Cash Accounts	Total
Assets				
Cash and investments	$ 2,356,265	$ 5,257	$ 2,778,010	$ 5,139,532
Student activity cash	12,362	-	-	12,362
Total assets	$ 2,368,627	$ 5,257	$ 2,778,010	$ 5,151,894
Fund Balance				
Restricted	$ -	$ 5,257	$ -	$ 5,257
Assigned	12,362	-	-	12,362
Unassigned	2,356,265	-	2,778,010	5,134,275
Total fund balance	$ 2,368,627	$ 5,257	$ 2,778,010	$ 5,151,894

Palos Heights School District 128

General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis
Year Ended June 30, 2026

	Educational Accounts	Tort Immunity and Judgment Accounts	Working Cash Accounts	Total
Revenues				
Property taxes	$ 7,919,267	$ -	$ 143,522	$ 8,062,789
Corporate personal property replacement taxes	145,506	-	-	145,506
State aid	4,685,319	-	-	4,685,319
Federal aid	572,099	-	-	572,099
Investment income	109,692	189	103,606	213,487
Student activities	95,522	-	-	95,522
Other	195,938	-	-	195,938
Total revenues	13,723,343	189	247,128	13,970,660
Expenditures				
Current:				
Instruction:				
Regular programs	4,896,838	-	-	4,896,838
Special programs	2,570,330	-	-	2,570,330
Other instructional programs	1,045,712	-	-	1,045,712
Student activities	96,271	-	-	96,271
Support services:				
Pupils	908,141	-	-	908,141
Instructional staff	159,324	-	-	159,324
General administration	705,181	-	-	705,181
School administration	786,327	-	-	786,327
Business	399,797	-	-	399,797
Central	522,289	-	-	522,289
Other supporting services	605	-	-	605
Community services	74,321	-	-	74,321
Intergovernmental:				
State retirement contributions	3,263,801	-	-	3,263,801
Capital outlay	10,599	-	-	10,599
Total expenditures	15,439,536	-	-	15,439,536
Net change in fund balance	(1,716,193)	189	247,128	(1,468,876)
Fund Balance, Beginning	4,084,820	5,068	2,530,882	6,620,770
Fund Balance, Ending	$ 2,368,627	$ 5,257	$ 2,778,010	$ 5,151,894

Palos Heights School District 128

Educational Accounts
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual - Non-GAAP Budgetary Basis
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 8,100,000	$ 7,919,267	$ (180,733)
Corporate personal property replacement taxes	151,733	145,506	(6,227)
State aid	1,546,525	1,421,518	(125,007)
Federal aid	481,850	572,099	90,249
Investment income	172,000	109,692	(62,308)
Student activities	-	95,522	95,522
Other	187,000	195,938	8,938
Total revenues	10,639,108	10,459,542	(179,566)
Expenditures			
Current:			
Instruction:			
Regular programs	4,852,009	4,896,838	(44,829)
Special programs	2,526,204	2,570,330	(44,126)
Other instructional programs	1,093,435	1,045,712	47,723
Student activities	-	96,271	(96,271)
Support services:			
Pupils	847,118	908,141	(61,023)
Instructional staff	162,880	159,324	3,556
General administration	663,744	705,181	(41,437)
School administration	779,224	786,327	(7,103)
Business	403,231	399,797	3,434
Central	541,918	522,289	19,629
Other supporting services	1,150	605	545
Community services	72,012	74,321	(2,309)
Capital outlay	34,500	10,599	23,901
Total expenditures	11,977,425	12,175,735	(198,310)
Net change in fund balance	$ (1,338,317)	(1,716,193)	$ (377,876)
Fund Balance, Beginning		4,084,820	
Fund Balance, Ending		$ 2,368,627	

Tort Immunity and Judgment Accounts
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Investment income	$ 144	$ 189	$ 45
Total revenues	144	189	45
Expenditures			
Total expenditures	-	-	-
Net change in fund balance	$ 144	189	$ 45
Fund Balance, Beginning		5,068	
Fund Balance, Ending		$ 5,257	

Palos Heights School District 128

Working Cash Accounts
Schedule of Revenues, Expenditures and Changes in Fund Balances—Modified Cash Basis - Budget to Actual
Year Ended June 30, 2026

	Original and Final Budget	Actual	Actual Variance With Final Budget
Revenues			
Property taxes	$ 145,000	$ 143,522	$ (1,478)
Investment income	82,000	103,606	21,606
Total revenues	227,000	247,128	20,128
Expenditures			
Total expenditures	-	-	-
Net change in fund balance	$ 227,000	247,128	$ 20,128
Fund Balance, Beginning		2,530,882	
Fund Balance, Ending		$ 2,778,010	