

Palos Heights School District 128

Annual Financial Report
June 30, 2025

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

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PRELIMINARY DRAFT
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Independent Auditor's Report

Members of the Board of Education
Palos Heights School District 128

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Palos Heights School District 128 (the District), as of and for the year ended June 30, 2025, 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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in modified cash-basis financial position for the year then ended in accordance with 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). Our responsibilities under those standards are further described in the Auditor's 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 — 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 these 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.

Auditor's 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 auditor's 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 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the District's financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information include in the annual report. The other information comprises the Illinois Municipal Retirement Fund, Teachers' Retirement System and Teachers' Health Insurance Security Fund pension and OPEB information, the schedule of assessed valuations, tax rates, extension and collections, and the schedule of debt service requirements, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Chicago, Illinois
[DATE]

Basic Financial Statements

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

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

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

**Statement of Net Position - Modified Cash Basis
June 30, 2025**

	Governmental Activities
Assets	
Cash and investments	\$ 14,949,669
Capital assets not being depreciated	58,959
Capital assets being depreciated, net	<u>15,294,919</u>
Total assets	<u><u>\$ 30,303,547</u></u>
Liabilities	
Unamortized bond premium	\$ 445,893
Long-term obligations, due within one year:	
General obligation bonds	1,225,000
Long-term obligations, due in more than one year:	
General obligation bonds	<u>7,715,000</u>
Total liabilities	<u><u>9,385,893</u></u>
Net Position	
Invested in capital assets, net of related debt	13,718,598
Restricted	
Student activity funds	13,111
Capital projects and maintenance	8,160,574
Retirement	242,634
Transportation	621,532
Unrestricted	<u>(1,838,795)</u>
Total net position	<u><u>20,917,654</u></u>
Total liabilities and net position	<u><u>\$ 30,303,547</u></u>

See notes to basic financial statements.

Palos Heights School District 128

Statement of Activities - Modified Cash Basis
Year Ended June 30, 2025

				Net (Expense), Revenue, and Changes in Net Assets
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	\$ 4,926,126	\$ 283,264	\$ 122,907	\$ (4,519,955)
Pre-K programs	693,173	-	-	(693,173)
Special programs	1,874,771	-	1,503,944	(370,827)
Other instructional programs	1,128,686	-	850	(1,127,836)
Support services:				
Pupils	887,020	-	-	(887,020)
Instructional staff	199,452	-	24,876	(174,576)
General administration	770,603	-	78,196	(692,407)
School administration	809,274	-	-	(809,274)
Business	1,600,927	-	-	(1,600,927)
Central	597,489	14,428	-	(583,061)
Transportation	524,017	-	147,247	(376,770)
Operations and maintenance	46,962	-	-	(46,962)
Community services	79,614	-	-	(79,614)
Interest and charges	244,112	-	-	(244,112)
Total governmental activities	\$ 14,382,226	\$ 297,692	\$ 1,878,020	(12,206,514)
General revenues:				
Taxes:				
Property taxes, general purposes				9,584,405
Property taxes, debt service				1,255,215
Corporate property replacement taxes				151,500
State aid formula grants				618,594
Interest				374,288
Other revenues				91,367
Total general revenues				12,075,369
Change in net position				(131,145)
Net position:				
July 1, 2024				21,048,799
June 30, 2025				\$ 20,917,654

See notes to basic financial statements.

Fund Financial Statements (FFS)

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BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

Balance Sheet - Modified Cash Basis

Governmental Funds

June 30, 2025

	Major Funds		Nonmajor	Total
	General	Capital	Governmental	Governmental
	Fund	Projects	Funds	Funds
		Fund		
Assets				
Cash and investments	\$ 7,508,918	\$ 5,750,318	\$ 1,690,433	\$ 14,949,669
Liabilities and Fund Balances				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Restricted				
Student activity funds	13,111	-		13,111
Capital projects and maintenance	2,410,061	5,750,318	195	8,160,574
Retirement	-	-	242,634	242,634
Transportation	-	-	621,532	621,532
Debt service	-	-	826,072	826,072
Unassigned	5,085,746	-	-	5,085,746
Total fund balances	7,508,918	5,750,318	1,690,433	14,949,669
Total liabilities and fund balances	\$ 7,508,918	\$ 5,750,318	\$ 1,690,433	\$ 14,949,669

See notes to basic financial statements.

Palos Heights School District 128

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
Year Ended June 30, 2025**

Total fund balances - governmental funds	\$ 14,949,669
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.	15,353,878
Premium on bonds that is other financing sources in the fund financial statements is a liability that is amortized over the life of the bonds in the government-wide financial statements.	(445,893)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
General obligation bonds	<u>(8,940,000)</u>
Net position of governmental activities	<u><u>\$ 20,917,654</u></u>
See notes to basic financial statements.	

Palos Heights School District 128

Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2025

	Major Funds		Nonmajor	Total
	General	Capital	Governmental	Governmental
	Fund	Projects	Funds	Funds
		Fund		
Revenues:				
Property taxes	\$ 8,703,667	\$ -	\$ 2,135,953	\$ 10,839,620
Corporate property replacement taxes	148,758	-	2,742	151,500
Charges for services	283,264	-	14,428	297,692
Unrestricted state aid	618,594	-	-	618,594
Restricted state aid	1,097,049	-	147,247	1,244,296
Restricted federal aid	633,724	-	-	633,724
Interest	302,717	7,486	64,085	374,288
Other revenue	91,367	-	-	91,367
Total revenues	11,879,140	7,486	2,364,455	14,251,081
Expenditures:				
Current:				
Instruction:				
Regular programs	4,456,066	-	64,891	4,520,957
Pre-K programs	658,824	-	34,349	693,173
Special programs	1,606,493	-	115,112	1,721,605
Other instructional programs	1,036,535	-	5,174	1,041,709
Support services:				
Pupils	781,873	-	32,191	814,064
Instructional staff	182,248	-	799	183,047
General administration	691,184	-	16,038	707,222
School administration	711,439	-	31,273	742,712
Business	1,363,932	12,363	92,958	1,469,253
Central	534,439	-	13,907	548,346
Transportation	-	-	524,017	524,017
Community services	72,374	-	692	73,066
Debt service:				
Principal	-	-	1,045,000	1,045,000
Interest and charges	-	-	202,075	202,075
Capital outlay	123,028	249,063	-	372,091
Total expenditures	12,218,435	261,426	2,178,476	14,658,337
Excess (deficiency) of revenues over (under) expenditures	(339,295)	(253,940)	185,979	(407,256)
Other financing sources:				
Bond proceeds	5,305,000	-	-	5,305,000
Premium on long-term debt issued	364,705	-	-	364,705
Transfers in	-	5,669,705	-	5,669,705
Transfers (out)	(5,669,705)	-	-	(5,669,705)
Bond issuance costs	-	-	(166,534)	(166,534)
Total other financing sources	-	5,669,705	(166,534)	5,503,171
Change in fund balance	(339,295)	5,415,765	19,445	5,095,915
Fund balances:				
July 1, 2024	7,848,213	334,553	1,670,988	9,853,754
June 30, 2025	\$ 7,508,918	\$ 5,750,318	\$ 1,690,433	\$ 14,949,669

See notes to basic financial statements.

Palos Heights School District 128

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2025**

Net change in fund balances - total governmental funds	\$ 5,095,915
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. These are the amounts in the current period:	
Depreciation	(1,098,943)
Capital outlays	372,091
In governmental funds, long-term debt is considered other financing sources, but in the statement of net position debt is reported as a liability. In the current period, proceeds were received from:	
General obligation bonds	(5,305,000)
Premium on bonds is recorded as other financing sources in the fund financial statements, but the premium is recorded as a liability in the statement of net position, which is amortized over the life of the bonds. This is the amount of amortization in the current period:	
Premium on bonds issued	(364,705)
Amortization premium on bonds	124,497
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt principal retirement	<u>1,045,000</u>
Change in net position of governmental activities	<u>\$ (131,145)</u>

See notes to basic financial statements.

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies

Nature of Operations

Palos Heights School District 128 (the District) operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the community of Palos Heights, Illinois.

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

Financial Reporting Entity

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

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

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

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

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

Basis of Presentation

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

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

Fund Financial Statements (FFS): Separate financial statements are provided for governmental funds. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District administers the following major governmental funds:

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

The **Capital Projects Fund** accounts for resources accumulated and payments made for major construction projects.

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and premiums paid on bonds in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Significant Accounting Policies

Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2024 tax levy was passed by the Board of Education on December 14, 2024 and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and September 2025 and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

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

Cash and Investments

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

Interfund Receivables, Payables, and Activity

The District, at times, has the following activities between funds:

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

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

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

Capital Assets

Capital assets which include land, buildings, and other equipment, are reported in the Statement of Net Position - Modified Cash Basis. Capital assets are defined as assets with an initial individual cost of more than \$2,000, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized in the government-wide financial statement. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

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

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

Buildings and improvements	40 years
Equipment	3-15 years

Compensated Absences

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

All certified and noncertified employees receive 12 sick days per year, which accumulate to a maximum of 220 days. These accumulated sick days may be applied toward early retirement, and any unapplied days would be paid at a rate of \$55 per day upon retirement or resignation.

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

In the fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenses when incurred.

Net Position

The District's government-wide net position is reported in three categories:

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

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

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

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

Fund Balances

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

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. On June 30, 2025, the District has no nonspendable fund balance amounts.

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

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2025, the District has no committed fund balance amounts.

Palos Heights School District 128

Notes to Basic Financial Statements

Note 1. Significant Accounting Policies (Continued)

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not authorized any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. At June 30, 2025, the District has no assigned fund balance amounts.

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

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

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District, in order to enable the District to have in its treasury at all times sufficient money to meet demands thereon. These funds may be lent to other District governmental funds in need but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish the funds to the General Fund education account or abate the fund to any fund of the District in need. On June 30, 2025, the District had working cash stabilization fund balances of \$2,697,416 that have been classified as unassigned fund balances in the General Fund.

Eliminations and Reclassifications

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

Use of Estimates

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

Note 2. Budgets and Budgetary Information

Annual budgets are adopted for all funds. These budgets are adopted on a modified cash basis of accounting. All annual appropriations lapse at fiscal year-end.

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 2. Budgets and Budgetary Information (Continued)

The appropriate budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10% of the total of such fund and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level.

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

The following governmental funds over expended their budget for the year ended June 30, 2025:

	Budget	Actual
Major Fund:		
Capital Projects Fund	200,000	261,426
Nonmajor Fund:		
Debt Service Fund	1,175,900	1,413,609
IMRF / Social Security Fund	397,560	407,384

Note 3. Cash and Investments

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

a. Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest bearing depository accounts in federally insured and/or state-chartered banks, savings and loan associations and credit unions. As of June 30, 2025, the District had deposits with financial institutions of \$7,490 with bank balances totaling \$23,959.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Trustees' deposits may not be returned to it. As of June 30, 2025, none of the District's bank balances of \$23,959 were exposed to custodial credit risk.

b. Investments

As of June 30, 2025, the District had the following investments:

Investment Type	Cost	Investment Maturities (In Years)
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 14,934,553</u>	N/A

Palos Heights School District 128

Notes to Basic Financial Statements

Note 3. Cash and Investments (Continued)

Interest rate risk. The risk that changes in interest rates will adversely affect the fair value of the investments. The District's investment policy does not limit its investment portfolio to specific maturities. The District considers the Pooled balances to be highly liquid, similar to a money market mutual fund. The District does not have restrictions on the liquidity of the Pooled funds.

Credit risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no investment policy related to credit risk. State statutes authorize the District to invest directly or through its Township Trustees in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States and short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000. The Township Trustee Investment Pool is not rated.

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

Concentration of credit risk. The risk of loss attributable to the magnitude of the District's investment in a single issuer. District has no investment policy related to the concentration of credit risk. The District's Pooled investment are excluded from this requirement.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Liquid Asset Fund Plus and the Illinois Funds pooled cash and investments held by the Worth Township Trustees are not subject to custodial credit risk.

Information related to the interest rate risk, credit risk, concentration of credit risk and custodial credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, Illinois 60453, which issues a financial report that includes financial statements and supplementary information.

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Statement of net position (GWFS)	<u>\$ 14,949,669</u>
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Palos Heights School District 128

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 58,959	\$ -	\$ -	\$ 58,959
Capital assets, being depreciated:				
Buildings and improvements	31,163,903	318,687	-	31,482,590
Equipment	3,291,195	53,404	-	3,344,599
Total capital assets being depreciated	34,455,098	372,091	-	34,827,189
Less accumulated depreciation:				
Buildings and improvements	(15,600,491)	(950,765)	-	(16,551,256)
Equipment	(2,832,836)	(148,178)	-	(2,981,014)
Total accumulated depreciation	(18,433,327)	(1,098,943)	-	(19,532,270)
Total capital assets being depreciated, net	16,021,771	(726,852)	-	15,294,919
Governmental activities Capital assets, net	\$ 16,080,730	\$ (726,852)	\$ -	\$ 15,353,878

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular programs	\$ 405,169
Special programs	154,198
Other instructional programs	85,945
Support services:	
Pupils	72,956
Instructional staff	16,405
General administration	63,381
School administration	66,562
Business	131,674
Transportation	46,962
Central	49,143
Community services	6,548
	<u>\$ 1,098,943</u>

Palos Heights School District 128

Notes to Basic Financial Statements

Note 5. Long-Term Debt

The following is a summary of changes in the long-term debt for the year ended June 30, 2025:

	General Obligation Bonds	Bond Premium	Totals
Long-term debt, July 1, 2024	\$ 4,680,000	\$ 205,685	\$ 4,885,685
Bonds issued	5,305,000	364,705	5,669,705
Debt retired	(1,045,000)	(124,497)	(1,169,497)
Long-term debt, June 30, 2025	<u>\$ 8,940,000</u>	<u>\$ 445,893</u>	<u>\$ 9,385,893</u>
Amounts due within one year	<u>\$ 1,175,000</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>

On April 21, 2025, the District issued \$5,305,000 of General Obligation Limited Tax School Bonds Series 2025 (the Bonds) with interest rates ranging of 4.00% to 5.00%. Proceeds from the bond issuance will be used to pay for the cost of issuance and to increase the District's Working Cash Fund. After proper abatement and transfer from the District's Working Cash Fund, proceeds of the bonds will be used to pay for the costs of capital projects throughout the District.

The interest rate is 4.00-5.00% on the outstanding bonds. As of June 30, 2025, the future annual debt service requirements on the outstanding debt are as follows:

Year Ending June 30,	General Obligation Bonds		Total
	Principal	Interest	
2026	\$ 1,175,000	\$ 453,875	\$ 1,628,875
2027	1,095,000	393,875	1,488,875
2028	810,000	349,150	1,159,150
2029	1,315,000	310,675	1,625,675
2030	1,380,000	243,925	1,623,925
2031	520,000	197,050	717,050
2032	545,000	171,050	716,050

The District's estimated legal debt limitation of \$27,439,043, based on 6.9% of the 2024 estimated assessed valuation of \$397,667,295, less outstanding debt of \$8,940,000, results in an estimated legal debt margin of \$18,499,043 as of June 30, 2025.

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS or System). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS

Palos Heights School District 128

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Teachers' Retirement System (Continued)

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

Benefits Provided

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

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

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

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

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2025, State of Illinois contributions in the amount of \$2,789,873 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the District.

Palos Heights School District 128

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Teachers' Retirement System (Continued)

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, 2025, were \$31,946.

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 normal employer cost.

For the year ended June 30, 2025, the employer pension contribution was 10.60% of salaries paid from federal and special trust funds. For the year ended June 30, 2025, salaries totaling \$225,210 were paid from federal and special trust funds that required employer contributions of \$23,872.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. Additionally, PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary (currently \$216,000). The amount charged to the employer is the employer normal cost, or 10.60%.

For the year ended June 30, 2025, the District was not required to make any payments to TRS for employer contributions due on salary increases in excess of 6%. The District paid \$283 for sick leave days granted in excess of the normal annual allotment and \$618 for member salaries in excess of the governor's statutory salary.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to June 30, 2024. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2024, relative to the projected contributions of all participating TRS employers and the state during that period.

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

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement

Plan Description

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

Benefits Provided

The District participates in the Regular Plan (RP). Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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 Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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 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.

Employees Covered by Benefit Terms

As of December 31, 2024, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	234
Inactive plan members entitled to but not yet receiving benefits	158
Active plan members	55
Total	447

Palos Heights School District 128

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement (Continued)

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ending December 31, 2025 and 2024, were 9.83% and 10.25%, respectively. For fiscal year 2025, the District contributed \$171,073 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

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

The District's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

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

Note 7. Postemployment Healthcare Plan

Teachers' Health Insurance Security

Plan Description

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

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 7. Postemployment Healthcare Plan (Continued)

Teachers' Health Insurance Security (Continued)

Benefits Provided

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

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6) specifies the contribution requirements of the participating school districts and covered employees. For the year ended June 30, 2025, required contributions are as follows:

- Active members contribute 0.90% of covered payroll.
- Employers contribute 0.67% of covered payroll. 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, 2025, the District paid \$39,678 to the THIS Fund, which was 100% of the required contribution.
- The State of Illinois makes contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members. The State contributed 0.90% of covered payroll. For the year ended June 30, 2025, State of Illinois contributions on behalf of the District's employees were \$53,299.
- Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0% per year by statute. The Federal Government provides a Medicare Part D subsidy.

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

The collective total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024. The employer's proportionate share of the total OPEB liability was based on the employer's share of contributions to THIS for the measurement year ended June 30, 2024, relative to the contributions of all participating employers and the State during that period.

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

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

Palos Heights School District 128

Notes to Basic Financial Statements

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the School Employees Loss Fund (SELF) for its workers' compensation coverage, the Suburban School Cooperative Insurance Pool (SSCIP) for its general liability and property coverages and carries commercial insurance for its employee health insurance coverages. SELF and SSCIP are organizations of school districts in Illinois which have formed associations under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs.

The cooperative agreement provides that SSCIP will be self-sustaining through member premiums. SSCIP will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in aggregate for general liability and property. SELF's member premiums are used to purchase commercial insurance. The District, along with other members of SELF and SSCIP, has a contractual obligation to fund any premium deficiency of the pools attributable to a year during which it was a member. SELF and SSCIP can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District has made one supplemental premium payment to SELF, which was not significant to the District's financial statements.

Each District appoints one delegate to represent the District on the Board of Directors of the SELF pool. The District does not exercise any control over the activities of the pool beyond its representation on the Board of Directors, or the election of the Board members.

Note 9. Commitments and Contingencies

The District received financial awards from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District on June 30, 2025.

Note 10. Pronouncements Issued But Not Yet Adopted

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

GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the District with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will improve financial reporting by provided issuers of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The statement will be effective for the District with its year ending June 30, 2026.

Management has not currently determined what impact, if any, these GASB statements may have on its financial statements.

Palos Heights School District 128

Notes to Basic Financial Statements

Note 11. Subsequent Event

Management evaluated subsequent events through the date of the report and determined that there have been no events that have occurred that would require adjustments to its disclosures in the financial statements.

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Other Information

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

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

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2024	\$ 171,321	\$ 171,073	\$ 248	\$ 1,741,064	9.83%
2023	157,722	157,722	-	1,538,753	10.25%
2022	192,096	192,096	-	1,571,979	12.22%
2021	188,472	188,473	(1)	1,409,666	13.37%
2020	183,849	183,848	1	1,388,585	13.24%
2019	148,610	148,610	-	1,342,453	11.07%
2018	152,820	104,920	47,900	1,218,657	8.61%
2017	147,377	147,377	-	1,261,788	11.68%
2016	142,455	142,970	(515)	1,228,057	11.64%
2015	147,994	147,994	-	1,305,060	11.34%

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

Palos Heights School District 128

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

Calendar Year Ended December 31,	2024	2023	2022
Total pension liability			
Service cost	\$ 146,677	\$ 167,399	\$ 139,158
Interest on the Total Pension Liability	576,273	580,341	555,980
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the Total Pension Liability	53,161	(228,402)	151,766
Changes of assumptions	-	(10,271)	-
Benefit payments, including refunds of employee contributions	(567,874)	(541,771)	(508,244)
Net change in total pension liability	208,237	(32,704)	338,660
Total pension liability - beginning	8,159,189	8,191,893	7,853,233
Total pension liability - ending	<u>\$ 8,367,426</u>	<u>\$ 8,159,189</u>	<u>\$ 8,191,893</u>
Plan fiduciary net position			
Contributions - employer	\$ 171,321	\$ 157,722	\$ 192,096
Contributions - employee	78,301	69,329	78,939
Net investment income	739,180	766,724	(1,105,625)
Benefit payments, including refunds of employee contributions	(567,874)	(541,771)	(508,244)
Other (net transfer)	(242,587)	78,903	(291)
Net change in plan fiduciary net position	178,341	530,907	(1,343,125)
Plan fiduciary net position - beginning	7,346,279	6,815,372	8,158,497
Plan fiduciary net position - ending	<u>\$ 7,524,620</u>	<u>\$ 7,346,279</u>	<u>\$ 6,815,372</u>
Net pension liability	<u>\$ 842,806</u>	<u>\$ 812,910</u>	<u>\$ 1,376,521</u>
Plan fiduciary net position as a percentage of total pension liability	89.93%	90.04%	83.20%
Covered valuation payroll	\$ 1,741,065	\$ 1,538,753	\$ 1,571,979
Net pension liability as a percentage of covered valuation payroll	48.41%	52.83%	87.57%

Note to schedule: Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://www.imrf.org/en/employers/employer-resources/reports-for-employers>

2021	2020	2019	2018	2017	2016
\$ 142,978	\$ 142,665	\$ 142,826	\$ 134,431	\$ 132,160	\$ 141,918
554,867	528,153	506,383	499,819	485,834	457,994
-	-	-	-	-	-
(175,626)	230,609	110,827	(49,175)	185,362	119,368
-	(42,534)	-	172,520	(207,583)	(20,573)
(501,664)	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)
20,555	379,401	320,159	314,558	217,921	382,261
7,832,678	7,453,277	7,133,118	6,818,560	6,600,639	6,218,378
<u>\$ 7,853,233</u>	<u>\$ 7,832,678</u>	<u>\$ 7,453,277</u>	<u>\$ 7,133,118</u>	<u>\$ 6,818,560</u>	<u>\$ 6,600,639</u>
\$ 188,473	\$ 183,848	\$ 148,610	\$ 104,920	\$ 147,377	\$ 142,970
63,465	62,584	61,096	37,178	56,780	55,281
1,281,523	961,402	1,106,974	(390,001)	1,006,662	345,370
(501,664)	(479,492)	(439,877)	(443,037)	(377,852)	(316,446)
(210,204)	40,403	33,691	92,047	(91,756)	49,706
821,593	768,745	910,494	(598,893)	741,211	276,881
7,336,904	6,568,159	5,657,665	6,256,558	5,515,347	5,238,466
<u>\$ 8,158,497</u>	<u>\$ 7,336,904</u>	<u>\$ 6,568,159</u>	<u>\$ 6,256,558</u>	<u>\$ 6,256,558</u>	<u>\$ 5,515,347</u>
<u>\$ (305,264)</u>	<u>\$ 495,774</u>	<u>\$ 885,118</u>	<u>\$ 1,475,453</u>	<u>\$ 562,002</u>	<u>\$ 1,085,292</u>
103.89%	93.67%	88.12%	79.32%	91.76%	83.56%
\$ 1,409,666	\$ 1,388,585	\$ 1,342,453	\$ 1,218,657	\$ 1,261,788	\$ 1,228,057
-21.66%	35.70%	65.93%	121.07%	44.54%	88.37%

Palos Heights School District 128

**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2025**

	2025	2024	2023
Contractually-required contribution	\$ 48,059	\$ 58,221	\$ 44,097
Contributions in relation to the contractually-required contribution	48,060	58,213	44,103
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ 8</u>	<u>\$ (6)</u>
Employer's covered payroll	\$ 6,264,146	\$ 5,922,152	\$ 5,506,822
Contributions as a percentage of covered payroll	0.77%	0.98%	0.80%

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2025**

	2025	2024	2023
Employer's proportion of the net pension liability	0.00054997%	0.00052678%	0.00053729%
Employer's proportionate share of the net pension liability	\$ 472,235	\$ 447,658	\$ 450,469
State's proportionate share of the net pension liability associated with the employer	39,374,307	38,633,150	39,075,189
Total	<u>\$ 39,846,542</u>	<u>\$ 39,080,808</u>	<u>\$ 39,525,658</u>
Employer's covered payroll	\$ 5,922,152	\$ 5,506,822	\$ 5,497,473
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	7.97%	8.13%	8.19%
Plan fiduciary net position as a percentage of the total pension liability	45.40%	43.90%	42.80%

Note to schedule: Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <https://www.trsil.org/financial/actuarial-reports/valuation-reports>

2022	2021	2020	2019	2018
\$ 57,124	\$ 37,714	\$ 33,619	\$ 31,459	\$ 24,599
51,288	37,717	33,625	31,459	24,292
<u>\$ 5,836</u>	<u>\$ (3)</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ 307</u>
\$ 5,497,473	\$ 5,143,420	\$ 4,540,017	\$ 4,435,779	\$ 4,241,180
1.04%	0.73%	0.74%	0.71%	0.58%

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
<u>\$ 37,963,911</u>	<u>\$ 36,949,830</u>	<u>\$ 36,460,874</u>	<u>\$ 31,673,203</u>	<u>\$ 31,660,712</u>
\$ 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%	39.30%

Palos Heights School District 128

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

For the fiscal year ending	2025	2024	2023
Statutorily-required contribution	\$ 41,969	\$ 39,678	\$ 36,896
Contributions in relation to the statutorily-required contribution	41,969	39,678	36,896
Contribution (excess) deficiency	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,264,146	\$ 5,922,152	\$ 5,506,822
Contributions as a percentage of covered payroll	0.67%	0.67%	0.67%

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

For the fiscal year ending*	2025	2024	2023
Employer's proportion of the collective total OPEB liability	0.019868%	0.019743%	0.019922%
Employer's proportionate share of the collective total OPEB liability	\$ 1,571,688	\$ 1,407,175	\$ 1,363,572
The portion of the State's proportionate share amount of the collective total OPEB liability associated with the employer	2,134,418	1,902,924	1,855,026
Total	\$ 3,706,106	\$ 3,310,099	\$ 3,218,598
Covered payroll	\$ 5,922,152	\$ 5,506,822	\$ 5,497,473
Collective net OPEB liability as a percentage of the covered payroll	26.5%	25.6%	24.8%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%

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

Note to Schedules

Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at <https://cgfa.ilga.gov/>

2022	2021	2020
\$ 36,833	\$ 47,319	\$ 41,768
36,833	47,319	41,768
\$ -	\$ -	\$ -
\$ 5,497,473	\$ 5,143,420	\$ 4,540,017
0.67%	0.92%	0.92%

2022	2021	2020
0.017951%	0.017951%	0.019445%
\$ 4,372,141	\$ 4,799,379	\$ 5,381,993
5,928,046	6,519,572	7,287,753
\$ 10,300,187	\$ 11,318,951	\$ 12,669,746
\$ 5,143,420	\$ 4,540,017	\$ 4,435,779
85.0%	105.7%	121.3%
0.0%	0.0%	0.0%

Supplementary Information

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

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

General Fund

Year Ended June 30, 2025

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 8,978,743	\$ 8,703,667	\$ (275,076)
Corporate property replacement taxes	200,000	148,758	(51,242)
Charges for services	206,000	283,264	77,264
Unrestricted state aid	620,000	618,594	(1,406)
Restricted state aid	1,024,821	1,097,049	72,228
Restricted federal aid	662,765	633,724	(29,041)
Interest	120,050	302,717	182,667
Other revenue	-	91,367	91,367
Total revenues	11,812,379	11,879,140	66,761
Expenditures:			
Current:			
Instruction:			
Regular programs	4,479,948	4,456,066	23,882
Pre-K programs	655,106	658,824	(3,718)
Special programs	1,664,306	1,606,493	57,813
Other instructional programs	1,095,653	1,036,535	59,118
Support services:			
Pupils	808,726	781,873	26,853
Instructional staff	205,101	182,248	22,853
General administration	687,387	691,184	(3,797)
School administration	722,627	711,439	11,188
Business	1,267,479	1,363,932	(96,453)
Central	544,454	534,439	10,015
Community services	77,895	72,374	5,521
Capital outlay	170,400	123,028	47,372
Total expenditures	12,379,082	12,218,435	160,647
Excess of revenues over expenditures	(566,703)	(339,295)	227,408
Other financing sources (uses):			
Bond proceeds	-	5,305,000	5,305,000
Premium on long-term debt issued	-	364,705	364,705
Transfers (out)	-	(5,669,705)	5,669,705
Total other financing sources (uses)	-	-	11,339,410
Change in fund balance	\$ (566,703)	(339,295)	\$ 11,566,818
Fund balance:			
July 1, 2024		<u>7,848,213</u>	
June 30, 2025		<u>\$ 7,508,918</u>	

Palos Heights School District 128

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Capital Projects Fund
Year Ended June 30, 2025**

	Original & Final Budget	Actual	Variance
Revenues:			
Interest	\$ 25,000	\$ 7,486	\$ (17,514)
Total revenues	<u>25,000</u>	<u>7,486</u>	<u>(17,514)</u>
Expenditures:			
Current:			
Support services:			
Business	20,000	12,363	(7,637)
Capital outlay	180,000	249,063	69,063
Total expenditures	<u>200,000</u>	<u>261,426</u>	<u>61,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(155,000)</u>	<u>(253,940)</u>	<u>98,940</u>
Other financing sources:			
Transfers in		5,669,705	5,669,705
Change in fund balance	<u>\$ (155,000)</u>	<u>5,415,765</u>	<u>\$ 51,549</u>
Fund balance:			
July 1, 2024		<u>334,553</u>	
June 30, 2025		<u>\$ 5,750,318</u>	

Palos Heights School District 128

Combining Balance Sheet - Modified Cash Basis

General Fund, By Accounts

June 30, 2025

	Educational Account	Operations and Maintenance Account	Working Cash Account	Total
Assets				
Cash and investments	\$ 4,401,736	\$ 409,766	\$ 2,697,416	\$ 7,508,918
Fund balance:				
Restricted	13,111	409,766	2,000,295	2,423,172
Unassigned	4,388,625	-	697,121	5,085,746
Total fund balance	4,401,736	409,766	2,697,416	7,508,918
Total liabilities and fund balance	\$ 4,401,736	\$ 409,766	\$ 2,697,416	\$ 7,508,918

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Modified Cash Basis
General Fund, By Accounts
Year Ended June 30, 2025**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Elimination	Total
Revenues:					
Property taxes	\$ 7,700,593	\$ 858,761	\$ 144,313	\$ -	\$ 8,703,667
Corporate property replacement taxes	148,758	-	-	-	148,758
Charges for services	283,264	-	-	-	283,264
Unrestricted state aid	543,594	75,000	-	-	618,594
Restricted state aid	1,097,049	-	-	-	1,097,049
Restricted federal aid	633,724	-	-	-	633,724
Interest	191,349	20,563	90,805	-	302,717
Other revenue	91,367	-	-	-	91,367
Total revenues	10,689,698	954,324	235,118	-	11,879,140
Expenditures:					
Current:					
Instruction:					
Regular programs	4,456,066	-	-	-	4,456,066
Pre-K programs	658,824	-	-	-	658,824
Special programs	1,606,493	-	-	-	1,606,493
Other instructional programs	1,036,535	-	-	-	1,036,535
Support services:					
Pupils	781,873	-	-	-	781,873
Instructional staff	182,248	-	-	-	182,248
General administration	691,184	-	-	-	691,184
School administration	711,439	-	-	-	711,439
Business	382,933	980,999	-	-	1,363,932
Central	534,439	-	-	-	534,439
Community services	72,374	-	-	-	72,374
Capital outlay	32,303	90,725	-	-	123,028
Total expenditures	11,146,711	1,071,724	-	-	12,218,435
Excess (deficiency) of revenues over (under) expenditures	(457,013)	(117,400)	235,118	-	(339,295)
Other financing sources (uses):					
Bond proceeds	-	-	5,305,000	-	5,305,000
Premium on long-term debt issued	-	-	364,705	-	364,705
Transfers in	-	5,503,171	-	(5,503,171)	-
Transfers (out)	-	(5,669,705)	(5,503,171)	5,503,171	(5,669,705)
Total other financing sources (uses)	-	(166,534)	166,534	-	-
Change in fund balance	(457,013)	(283,934)	401,652	-	(339,295)
Fund balance:					
July 1, 2024	4,858,749	693,700	2,295,764	-	7,848,213
June 30, 2025	\$ 4,401,736	\$ 409,766	\$ 2,697,416	\$ -	\$ 7,508,918

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis

Budget and Actual - Budgetary Basis

General Fund, By Accounts

Year Ended June 30, 2025

	Educational Account		Operations and Maintenance		Working Cash Account			Original & Final	
	Original & Final Budget	Actual	Original & Final Budget	Actual	Original & Final Budget	Actual	Elimination	Budget	Actual
Revenues:									
Property taxes	\$ 7,973,200	\$ 7,700,593	\$ 861,000	\$ 858,761	\$ 144,543	\$ 144,313	\$ -	\$ 8,978,743	\$ 8,703,667
Corporate property replacement taxes	200,000	148,758	-	-	-	-	-	200,000	148,758
Charges for services	205,500	283,264	500	-	-	-	-	206,000	283,264
Unrestricted state aid	545,000	543,594	75,000	75,000	-	-	-	620,000	618,594
Restricted state aid	1,024,821	1,097,049	-	-	-	-	-	1,024,821	1,097,049
Restricted federal aid	662,765	633,724	-	-	-	-	-	662,765	633,724
Interest	95,000	191,349	10,050	20,563	15,000	90,805	-	120,050	302,717
Other revenue	-	91,367	-	-	-	-	-	-	91,367
Total revenues	10,706,286	10,689,698	946,550	954,324	159,543	235,118	-	11,812,379	11,879,140
Expenditures:									
Current:									
Instruction:									
Regular programs	4,479,948	4,456,066	-	-	-	-	-	4,479,948	4,456,066
Pre-K programs	655,106	658,824	-	-	-	-	-	655,106	658,824
Special programs	1,664,306	1,606,493	-	-	-	-	-	1,664,306	1,606,493
Other instructional programs	1,095,653	1,036,535	-	-	-	-	-	1,095,653	1,036,535
Support services:									
Pupils	808,726	781,873	-	-	-	-	-	808,726	781,873
Instructional staff	205,101	182,248	-	-	-	-	-	205,101	182,248
General administration	687,387	691,184	-	-	-	-	-	687,387	691,184
School administration	722,627	711,439	-	-	-	-	-	722,627	711,439
Business	387,428	382,933	880,051	980,999	-	-	-	1,267,479	1,363,932
Central	544,454	534,439	-	-	-	-	-	544,454	534,439
Community services	77,895	72,374	-	-	-	-	-	77,895	72,374
Capital outlay	42,500	32,303	127,900	90,725	-	-	-	170,400	123,028
Total expenditures	11,371,131	11,146,711	1,007,951	1,071,724	-	-	-	12,379,082	12,218,435
Excess (deficiency) of revenues over (under) expenditures	(664,845)	(457,013)	(61,401)	(117,400)	159,543	235,118	-	(566,703)	(339,295)
Other financing sources:									
Bond proceeds	-	-	-	-	-	5,305,000	-	-	5,305,000
Premium on long-term debt issued	-	-	-	-	-	364,705	-	-	364,705
Transfers in	-	-	-	5,503,171	-	-	(5,503,171)	-	-
Transfers out	-	-	-	(5,669,705)	-	(5,503,171)	5,503,171	-	(5,669,705)
Total other financing sources	-	-	-	(166,534)	-	166,534	-	-	-
Change in fund balance	\$ (664,845)	(457,013)	\$ (61,401)	(283,934)	\$ 159,543	401,652	\$ -	\$ (566,703)	(339,295)
Fund balance:									
July 1, 2023		4,858,749		693,700		2,295,764			7,848,213
June 30, 2025		<u>4,401,736</u>		<u>409,766</u>		<u>2,697,416</u>			<u>7,508,918</u>

Palos Heights School District 128

**Combining Balance Sheet -
By Fund Type - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2025**

	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	
	Municipal Retirement Fund / Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 242,634	\$ 621,532	\$ 826,072	\$ 195	\$ 1,690,433
Fund balance:					
Restricted	242,634	621,532	826,072	195	1,690,433
Total liabilities and fund balance	\$ 242,634	\$ 621,532	\$ 826,072	\$ 195	\$ 1,690,433

Palos Heights School District 128

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
By Fund Type - Modified Cash Basis
Nonmajor Governmental Funds
Year Ended June 30, 2025**

	Special Revenue Funds		Debt Service Funds	Capital Projects Funds	
	Municipal Retirement Fund / Social Security Fund	Transportation Fund	Debt Service Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	\$ 433,297	\$ 447,441	\$ 1,255,215	\$ -	\$ 2,135,953
Corporate property replacement taxes	2,742	-	-	-	2,742
Charges for services	-	14,428	-	-	14,428
Restricted state aid	-	147,247	-	-	147,247
Interest	8,888	20,499	34,689	9	64,085
Total revenues	444,927	629,615	1,289,904	9	2,364,455
Expenditures:					
Current:					
Instruction:					
Regular programs	64,891	-	-	-	64,891
Pre-K programs	34,349	-	-	-	34,349
Special programs	115,112	-	-	-	115,112
Other instructional programs	5,174	-	-	-	5,174
Support services:					
Pupils	32,191	-	-	-	32,191
Instructional staff	799	-	-	-	799
General administration	16,038	-	-	-	16,038
School administration	31,273	-	-	-	31,273
Business	92,958	-	-	-	92,958
Central	13,907	-	-	-	13,907
Transportation	-	524,017	-	-	524,017
Community services	692	-	-	-	692
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	1,045,000	-	1,045,000
Interest and charges	-	-	368,609	-	368,609
Total expenditures	407,384	524,017	1,413,609	-	2,345,010
Change in fund balance	37,543	105,598	(123,705)	9	19,445
Fund balance:					
July 1, 2024	205,091	515,934	949,777	186	1,670,988
June 30, 2025	\$ 242,634	\$ 621,532	\$ 826,072	\$ 195	\$ 1,690,433

Palos Heights School District 128

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Municipal Retirement Fund / Social Security Fund
Year Ended June 30, 2025**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 425,175	\$ 433,297	\$ 8,122
Corporate property replacement taxes	3,000	2,742	(258)
Interest	2,000	8,888	6,888
Total revenues	430,175	444,927	14,752
Expenditures:			
Current:			
Instruction:			
Regular programs	58,338	64,891	(6,553)
Pre-K programs	23,572	34,349	(10,777)
Special programs	117,795	115,112	2,683
Other instructional programs	6,150	5,174	976
Support services:			
Pupils	33,400	32,191	1,209
Instructional staff	825	799	26
General administration	16,070	16,038	32
School administration	32,450	31,273	1,177
Business	94,425	92,958	1,467
Central	14,010	13,907	103
Community services	525	692	(167)
Total expenditures	397,560	407,384	(9,824)
Change in fund balance	\$ 32,615	37,543	\$ 4,928
Fund balance:			
July 1, 2024		<u>205,091</u>	
June 30, 2025		<u>\$ 242,634</u>	

Palos Heights School District 128

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Transportation Fund
Year Ended June 30, 2025**

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 455,689	\$ 447,441	\$ (8,248)
Charges for services	13,500	14,428	928
Restricted state aid	187,205	147,247	(39,958)
Interest	7,000	20,499	13,499
Total revenues	<u>663,394</u>	<u>629,615</u>	<u>(33,779)</u>
Expenditures:			
Current:			
Support services:			
Transportation	<u>550,503</u>	<u>524,017</u>	<u>26,486</u>
Change in fund balance	<u>\$ 112,891</u>	<u>105,598</u>	<u>\$ (7,293)</u>
Fund balance:			
July 1, 2024		<u>515,934</u>	
June 30, 2025		<u>\$ 621,532</u>	

Palos Heights School District 128

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

Debt Service Fund

Year Ended June 30, 2025

	Original & Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 1,287,000	\$ 1,255,215	\$ (31,785)
Interest	15,000	34,689	19,689
Total revenues	1,302,000	1,289,904	(12,096)
Expenditures:			
Debt service:			
Principal	1,045,000	1,045,000	-
Interest and charges	130,900	368,609	(237,709)
Total expenditures	1,175,900	1,413,609	(237,709)
Change in fund balance	\$ 126,100	(123,705)	\$ (249,805)
Fund balance:			
July 1, 2024		949,777	
June 30, 2025		\$ 826,072	

Palos Heights School District 128

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Safety Fund
Year Ended June 30, 2025**

	Original Budget	Original & Final Budget	Actual	Variance
Revenues:				
Interest	100	100	9	(91)
Total revenues	<u>100</u>	<u>100</u>	<u>9</u>	<u>(91)</u>
Expenditures				
Capital outlay	-	-	-	-
Change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	<u>9</u>	<u>\$ (91)</u>
Fund balance:				
July 1, 2024			<u>186</u>	
June 30, 2025			<u>\$ 195</u>	

PRELIMINARY DRAFT
FOR REVIEW AND DISCUSSION ONLY
BALANCES SUBJECT TO CHANGE

Palos Heights School District 128

Schedule of Assessed Valuations, Tax Rates, Extensions and Collections

	Tax Year				
	2024	2023	2022	2021	2020
Assessed Valuations	\$ 397,667,295	\$ 397,879,239	\$ 303,044,550	\$ 336,863,149	\$ 335,488,118
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	1.9429	1.9120	2.5324	2.1254	2.0699
Tort Immunity	0.0000	0.0000	0.0000	0.0000	0.0000
Special Education	0.0780	0.0679	0.0862	0.0705	0.0644
Working Cash	0.0372	0.0359	0.0003	0.0003	0.0004
Operations and Main-					
tenance Accounts:					
Standard	0.2315	0.2137	0.2726	0.2332	0.2289
Facility Leasing	0.0000	0.0000	0.0000	0.0003	0.0004
Transportation Fund	0.1172	0.1132	0.0992	0.0864	0.0945
Municipal Retirement Fund:					
Illinois Municipal					
Retirement	0.0528	0.0478	0.0595	0.0518	0.0507
Social Security	0.0654	0.0578	0.0591	0.0533	0.0525
Bond and Interest Fund	0.3259	0.3257	0.4071	0.3489	0.2793
Fire Prevention					
and Safety Fund	0.0000	0.0000	0.0000	0.0003	0.0004
Total	2.8509	2.7740	3.5164	2.9704	2.8414
Extended Tax Rate	2.851	2.774	3.516	2.970	2.841
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 7,726,111	\$ 7,607,550	\$ 7,674,195	\$ 7,159,553	\$ 6,944,367
Tort Immunity	-	-	-	-	-
Special Education	310,136	270,160	261,224	237,620	216,156
Working Cash	148,065	142,838	909	970	1,233
Operations and Main-					
tenance Accounts:					
Standard	920,403	850,267	826,099	785,601	767,793
Facility Leasing	-	-	-	970	1,233
Transportation Fund	466,204	450,399	300,620	290,963	316,898
Municipal Retirement Fund:					
Illinois Municipal					
Retirement	210,092	190,186	180,311	174,578	170,186
Social Security	260,114	229,974	179,099	179,427	176,055
Bond and Interest Fund	1,295,817	1,295,817	1,233,698	1,175,290	937,125
Fire Prevention					
and Safety Fund	-	-	-	970	1,233
Totals	\$ 11,336,942	\$ 11,037,191	\$ 10,656,155	\$ 10,005,942	\$ 9,532,279
Tax collections	\$ 5,734,981	\$ 5,476,797	\$ 10,497,852	\$ 9,888,507	\$ 9,255,097
Percentage collected	50.59%	49.62%	98.51%	98.83%	97.09%

Palos Heights School District 128

**Schedule of Debt Service Requirements
June 30, 2025**

	Years Ending June 30,	Interest Rate	Total Principal	Total Interest	Total Principal and Interest
General obligation bond, issue of February 9, 2022, original amount \$4,665,000, interest payable June 1 and December 1, paying agent: Zions Bancorporation	2026 2027 2028	5.00 5.00 4.00	\$ 1,045,000 1,095,000 580,000	\$ 104,075 50,575 11,600	\$ 1,149,075 1,145,575 591,600
			<u>\$ 2,720,000</u>	<u>\$ 166,250</u>	<u>\$ 2,886,250</u>
General obligation bond, issue of December 23, 2023, original amount \$1,960,000, interest payable June 1 and December 1, paying agent: Zions Bancorporation	2026 2027 2028 2029 2030	5.00 5.00 5.00 5.00 5.00	\$ - - 230,000 845,000 885,000	\$ 98,000 98,000 92,250 65,375 22,125	\$ 98,000 98,000 322,250 910,375 907,125
			<u>\$ 1,960,000</u>	<u>\$ 375,750</u>	<u>\$ 2,335,750</u>