

ILLINOIS STATE BOARD OF EDUCATION
Center for Fiscal and Shared Services
Division of Financial Outreach Services
100 North First Street
Springfield, Illinois 62777-0001

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2016

- Cash Basis**
 Modified Accrual Basis

(Affix LEA Label Here)

District/Joint Agreement Name Oak Lawn-Hometown School District	Number #123	Audit Firm ID Code
Administrative Agent if Joint Agreement (as applicable)		Name and Address of Audit Firm
Address of Audited Entity (Street and/or P.O. Box, City, State, Zip Code)		RSM US LLP 1 South Wacker Drive, Suite 800 Chicago, Illinois 60606
Oak Lawn, Illinois		Name of Audit Supervisor John George, C.P.A.
		CPA Firm 9-Digit State Registration Number 066-003346
		CPA Firm Telephone Number FAX Number (312) 634-3400 (312) 634-5524

THE FOLLOWING ITEMS MUST BE INCLUDED AS COMPONENTS OF THE A133 REPORT.

1. Financial Statements
2. Schedule of Expenditures of Federal Awards
3. Summary Schedule of Prior Audit Findings
4. Auditor's reports on the Financial Statements, Internal Control, and Compliance (as applicable).
5. Schedule(s) of Findings and Questioned Costs including the Corrective Action Plan(s).

THE FOLLOWING ITEM MAY BE INCLUDED AT THE AUDITOR'S DISCRETION.

Copy of Data Collection Form (OMB #0348-0057)

**Oak Lawn-Hometown
School District 123
Oak Lawn, Illinois**

Reports Required By Uniform Grant Guidance and
Government Auditing Standards
December 5, 2016

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Members of the Board of Education
Oak Lawn-Hometown School District 123
Oak Lawn, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oak Lawn-Hometown School District 123 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2016

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
December 5, 2016



RSM US LLP

Independent Auditor's Report on Compliance for each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required By The Uniform Guidance

Members of the Board of Education
Oak Lawn-Hometown School District 123
Oak Lawn, Illinois

Report on Compliance for Each Major Federal Program

We have audited Oak Lawn-Hometown School District 123's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oak Lawn-Hometown School District 123 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 5, 2016, which contained unmodified opinions on those financial statements. Our audit for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2016 is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 2016 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

We have previously audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States, the District's modified cash basis financial statements as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated November 9, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The schedule of expenditures of federal awards for the year ended June 30, 2015, is presented for purposes of additional analysis and is 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 2015 financial statements. The 2015 information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 2015 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

RSM US LLP

Chicago, Illinois
December 5, 2016

ILLINOIS STATE BOARD OF EDUCATION
 100 NORTH FIRST STREET
 SPRINGFIELD, ILLINOIS 62777-0001

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016

(attachment of ISBE 62-18)

County
 Cook 07-016-0540-04
 District/Joint Agreement Name
 Oak Lawn-Hometown School District No. 123
 District/Joint Agreement No.
 123

Federal Agency/ Pass-through Grantor/ Program Name	CFDA Number (A)	ISBE Project Number (B)	Receipts		Disbursements		Obligations/ Encumbrances (G)	Final Status (H)	Budget (I)
			7/1/14- 6/30/15 (C)	7/1/15- 6/30/16 (D)	7/1/14- 6/30/15 (E)	7/1/15- 6/30/16 (F)			
U.S. Department of Education: Passed through Illinois State Board of Education:									
Title I Grants to Local Education Agencies:									
Title I : Low Income	84.010A	16-4300-00	\$ -	\$ 469,232	\$ -	\$ 470,674	\$ -	\$ 470,674	\$ 759,921
		15-4300-00	412,169	19,652	431,821	-	-	431,821	688,735
		14-4300-00	164,909	-	-	-	-	346,418	558,256
			<u>577,078</u>	<u>488,884</u>	<u>431,821</u>	<u>470,674</u>		<u>1,248,913</u>	<u>2,006,912</u>
English Language Acquisition Grants:									
Title III : Immigration Education Program	84.365A	16-4905-00	-	3,163	-	4,097	-	4,097	4,125
			-	3,163	-	4,097		4,097	4,125
English Language Acquisition Grants:									
Title III : Lang Inst Prog - Limited Eng LIPL	84.365A	16-4909-00	-	26,770	-	28,476	-	28,476	45,625
		15-4909-00	1,375	55,854	30,571	-	-	30,571	58,472
		14-4909-00	21,901	-	-	-	-	32,679	51,041
			<u>23,276</u>	<u>82,624</u>	<u>30,571</u>	<u>28,476</u>		<u>91,726</u>	<u>155,138</u>
English Language Acquisition Grants:									
Title III : Sheltered Instruction	84.365A	16-4998-00	-	4,200	-	4,200	-	4,200	4,900
			-	4,200	-	4,200		4,200	4,900
Improving Teacher Quality State Grants:									
Title II : Teacher Quality	84.367A	16-4932-00	-	88,899	-	91,058	-	91,058	120,658
		15-4932-00	104,238	6,025	110,263	-	-	110,263	135,889
		14-4932-00	34,128	-	-	-	-	66,471	107,441
			<u>138,366</u>	<u>94,924</u>	<u>110,263</u>	<u>91,058</u>		<u>267,792</u>	<u>363,988</u>
Passed through AERO Cooperative:									
Special Education - Grants to States:									
IDEA Flow Through	84.027	16-4620-00	-	459,244	-	649,544	-	649,544	649,544
		15-4620-00	424,889	202,773	627,663	-	-	627,663	627,663
		14-4620-00	249,536	-	-	-	-	588,594	692,200
			<u>674,425</u>	<u>662,017</u>	<u>627,663</u>	<u>649,544</u>		<u>1,865,801</u>	<u>1,969,407</u>
Passed through Illinois State Board									
Special Education - Grants to States:									
I.D.E.A. Room and Board	84.027	15-4625-00	20,156	11,757	20,156	11,757		31,913	N/A
		14-4625-00	49,595	-	37,570	-		37,570	-
			<u>69,751</u>	<u>11,757</u>	<u>57,726</u>	<u>11,757</u>		<u>69,483</u>	<u>-</u>
Total U.S. Department of Education			1,482,896	1,347,569	1,258,044	1,259,806	-	3,552,012	4,504,470

U.S. Department of Agriculture:									
Passed through Illinois State Board of Education:									
National School Lunch Program	10.555	16-4210-00	\$ -	\$ 401,769	\$ -	\$ 401,769	\$ -	\$ 401,769	N/A
		15-4210-00	463,051	106,923	463,051	106,923	-	569,974	N/A
		14-4210-00	163,942	-	107,821	-	-	107,821	N/A
			<u>626,993</u>	<u>508,692</u>	<u>570,872</u>	<u>508,692</u>		<u>1,079,564</u>	-
Food Donation Program	10.555	16-4290-00	-	28,633	-	28,633	-	28,633	N/A
		15-4290-00	39,519	-	39,519	-	-	39,519	N/A
			<u>39,519</u>	<u>28,633</u>	<u>39,519</u>	<u>28,633</u>		<u>68,152</u>	-
U.S. Department of Defense:									
Passed through Illinois State Board of Education:									
Fruits and Vegetables Donation Program	10.555	16-4240-00	-	22,091	-	22,091	-	22,091	N/A
		15-4240-00	3,676	-	3,676	-	-	3,676	N/A
			<u>3,676</u>	<u>22,091</u>	<u>3,676</u>	<u>22,091</u>		<u>25,767</u>	-
School Breakfast Program	10.553	16-4220-00	-	44,073	-	44,073	-	44,073	N/A
		15-4220-00	48,553	10,507	48,553	10,507	-	59,060	N/A
		14-4220-00	15,205	-	10,423	-	-	10,423	N/A
			<u>63,758</u>	<u>54,580</u>	<u>58,976</u>	<u>54,580</u>		<u>113,556</u>	-
Total U.S. Department of Agriculture/Child Nutrition Cluster			733,946	613,996	673,043	613,996	-	1,287,039	-
U.S. Department of Health and Human Services:									
Passed through Illinois Department of Health Care and Family Services:									
Passed through AERO Cooperative:									
Medical Assistance Program	93.778	16-4991-00	-	32,715	-	85,564	-	85,564	N/A
		15-4991-00	23,713	47,273	73,943	-	-	73,943	N/A
		14-4991-00	61,089	-	-	-	-	63,634	N/A
Total U.S. Department of Health and Human Services			84,802	79,988	73,943	85,564	-	223,141	-
Total Federal Awards			<u>\$2,301,644</u>	<u>\$2,041,553</u>	<u>\$ 2,005,030</u>	<u>\$ 1,959,366</u>	<u>\$ -</u>	<u>\$ 5,062,192</u>	<u>\$ 4,504,470</u>

CFDA Catalog of Federal Domestic Assistance

See notes to Schedule of Expenditure of Federal Awards.

Oak Lawn-Hometown School District 123

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Oak Lawn-Hometown School District 123 (the District) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is the same basis used in preparing the basic financial statements of the District. No funds were identified as having been provided to subrecipients by the District under the meaning of the Uniform Guidance, and accordingly, no funds identified in the Schedule of Expenditures of Federal Awards are attributable to subrecipient entities as required under the Uniform Guidance. The District has not elected to use the 10 percent de minimis indirect cost rate, where applicable, as allowed under the Uniform Guidance. There were no federal awards expended for insurance or any loans or loan guarantees outstanding at June 30, 2016 and 2015. For the year ended June 30, 2016 and 2015, the District did not receive any noncash assistance.

Oak Lawn-Hometown School District 123

Schedule of Findings and Questioned Costs

Section I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs:

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) Yes None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027A	IDEA Cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

Oak Lawn-Hometown School District 123

Schedule of Findings and Questioned Costs (Continued)

Section II. Financial Statement Findings

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

Section III. Findings and Questioned Costs for Federal Awards

The current year audit disclosed no financial statement findings.

Oak Lawn-Hometown School District 123

Summary Schedule of Audit Findings (Continued)

Financial Statement Findings

The prior year audit disclosed no financial statement findings.

Findings And Questioned Costs for Federal Awards

The prior year single audit disclosed no federal award findings or questioned costs in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior year's Summary of Prior Audit Findings.

**Oak Lawn-Hometown
School District 123
Oak Lawn, Illinois**

Annual Financial Report
June 30, 2016

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Independent Auditor's Report

Members of the Board of Education
Oak Lawn-Hometown School District 123
Oak Lawn, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Lawn-Hometown School District 123 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

Opinions

In our opinion, the basic 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 Oak Lawn-Hometown School District 123, as of June 30, 2016, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Chicago, Illinois
December 5, 2016

Basic Financial Statements

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

Oak Lawn-Hometown School District 123

Statement of Net Position - Modified Cash Basis
June 30, 2016

	Governmental Activities
Assets	
Current Assets	
Cash and investments	\$ 19,463,376
Noncurrent Assets	
Capital assets not being depreciated	4,897,725
Capital assets being depreciated, net	37,027,739
Total noncurrent assets	41,925,464
Total assets	61,388,840
Deferred outflows of resources	
Unamortized losses related to debt refundings	1,790,492
Liabilities	
Current Liabilities	
Payroll liabilities	52,492
General obligation bonds	810,000
Capital appreciation bonds	4,550,000
Total current liabilities	5,412,492
Long-Term Obligations, net of current maturities	
Unamortized premium on bonds	4,907,496
General obligation bonds	13,055,000
Capital appreciation bonds	31,523,210
Total long-term liabilities	49,485,706
Total liabilities	54,898,198
Net Position	
Net investment in capital assets	23,066,100
Restricted for:	
Debt service	3,928,161
Capital projects	82,833
Transportation	864,126
Unrestricted (deficit)	(19,660,086)
Total net position	\$ 8,281,134

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

**Statement of Activities - Modified Cash Basis
Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	\$ 17,764,240	\$ 821,750	\$ 1,860	\$ (16,940,630)
Special programs	3,504,475	-	1,359,576	(2,144,899)
Other instructional programs	1,165,242	-	1,316,470	151,228
Support services:				
Pupils	2,812,615	-	-	(2,812,615)
Instructional staff	2,276,014	-	82,624	(2,193,390)
General administration	1,102,878	-	-	(1,102,878)
School administration	1,845,855	-	-	(1,845,855)
Business	1,602,124	-	567,729	(1,034,395)
Transportation	1,540,051	-	790,637	(749,414)
Operations and maintenance	3,314,624	842,796	-	(2,471,828)
Central	101,085	-	-	(101,085)
Community services	101,215	-	-	(101,215)
Payments to other governments	1,195,907	-	-	(1,195,907)
Debt service:				
Interest and fees	4,150,968	-	-	(4,150,968)
Total governmental activities	\$ 42,477,293	\$ 1,664,546	\$ 4,118,896	(36,693,851)
General revenues:				
Taxes:				
Real estate taxes				34,403,611
Corporate property replacement taxes				425,666
General state aid				3,554,687
Interest				259,301
Miscellaneous				176,188
Total general revenues				38,819,453
Change in net position				2,125,602
Net position:				
July 1, 2015				6,155,532
June 30, 2016				\$ 8,281,134

See notes to basic financial statements.

Fund Financial Statements (FFS)

Oak Lawn-Hometown School District 123

Balance Sheet - Modified Cash Basis
 Governmental Funds
 June 30, 2016

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Transportation Fund		
Assets					
Cash and investments	\$ 13,162,487	\$ 4,001,801	\$ 1,301,625	\$ 997,463	\$ 19,463,376
Due from other funds	836,578	6,558	712	-	843,848
Total assets	\$ 13,999,065	\$ 4,008,359	\$ 1,302,337	\$ 997,463	\$ 20,307,224
Liabilities and Fund Balances					
Liabilities:					
Payroll liabilities	\$ 52,460	\$ -	\$ 32	\$ -	\$ 52,492
Due to other fund	258,489	80,198	438,179	66,982	843,848
Total liabilities	310,949	80,198	438,211	66,982	896,340
Fund balances:					
Restricted for:					
Debt service	-	3,928,161	-	-	3,928,161
Capital projects	-	-	-	994,625	994,625
Transportation	-	-	864,126	-	864,126
Unassigned	13,688,116	-	-	(64,144)	13,623,972
Total fund balances	13,688,116	3,928,161	864,126	930,481	19,410,884
Total liabilities and fund balances	\$ 13,999,065	\$ 4,008,359	\$ 1,302,337	\$ 997,463	\$ 20,307,224

See notes basic financial statements.

Oak Lawn-Hometown School District 123

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position - Modified Cash Basis
Year Ended June 30, 2016**

Total fund balances - governmental funds	\$ 19,410,884
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	41,925,464
Premiums on bonds are other financing sources in the fund financial statements but are liabilities that are amortized over the life of the bonds in the government-wide financial statements.	(4,907,496)
Losses on debt refundings are not considered to represent a financial resource and, therefore, are not required in the fund financial statements but are deferred outflows of resources that are amortized over the life of the bonds in the government-wide financial statements.	1,790,492
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 liabilities consist of:	
General obligation bonds	(13,865,000)
Capital appreciation bonds	(36,073,210)
Net position of governmental activities	<u>\$ 8,281,134</u>

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
 Governmental Funds
 Year Ended June 30, 2016

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Transportation Fund		
Revenues:					
Property taxes	\$ 22,611,844	\$ 6,353,482	\$ 4,393,054	\$ 1,045,231	\$ 34,403,611
Corporate property replacement taxes	413,194	-	-	12,472	425,666
Charges for services	1,840,734	-	-	-	1,840,734
Unrestricted state aid	3,554,687	-	-	-	3,554,687
Restricted state aid	1,473,827	-	635,437	-	2,109,264
Restricted federal aid	2,009,632	-	-	-	2,009,632
Interest	159,615	48,568	38,048	13,070	259,301
Total revenues	32,063,533	6,402,050	5,066,539	1,070,773	44,602,895
Expenditures:					
Current:					
Instruction:					
Regular programs	16,781,168	-	-	214,253	16,995,421
Special programs	3,172,201	-	-	181,815	3,354,016
Other instructional programs	1,088,757	-	-	26,489	1,115,246
Support services:					
Pupils	2,584,470	-	-	107,467	2,691,937
Instructional staff	1,578,555	-	-	124,466	1,703,021
General administration	1,193,025	-	-	18,345	1,211,370
School administration	1,672,796	-	-	93,861	1,766,657
Business	1,337,643	-	-	83,456	1,421,099
Transportation	-	-	1,473,973	-	1,473,973
Operations and maintenance	2,576,177	-	-	262,366	2,838,543
Central	84,720	-	-	12,028	96,748
Community services	91,830	-	-	5,042	96,872
Payments to other governments	1,195,907	-	-	-	1,195,907
Capital outlay	811,180	-	-	-	811,180
Debt service:					
Principal	204,426	5,413,782	-	-	5,618,208
Interest and fees	39,598	693,202	-	-	732,800
Total expenditures	34,412,453	6,106,984	1,473,973	1,129,588	43,122,998
Excess (deficiency) of revenues over (under) expenditures	(2,348,920)	295,066	3,592,566	(58,815)	1,479,897
Other financing sources (uses):					
Bond issuance	900,000	-	-	-	900,000
Transfer (in)	-	-	(6,000,000)	-	(6,000,000)
Transfer out	6,000,000	-	-	-	6,000,000
Total other financing sources (uses)	6,900,000	-	(6,000,000)	-	900,000
Net change in fund balances	4,551,080	295,066	(2,407,434)	(58,815)	2,379,897
Fund balances:					
July 1, 2015	9,137,036	3,633,095	3,271,560	989,296	17,030,987
June 30, 2016	\$ 13,688,116	\$ 3,928,161	\$ 864,126	\$ 930,481	\$ 19,410,884

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

**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, 2016**

Net change in fund balances—total governmental funds \$ 2,379,897

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation expense exceeded capital outlays and gain on disposals in the current period.

Capital outlays	\$ 248,974	
Depreciation expense	<u>(1,568,999)</u>	(1,320,025)

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 and is amortized over the life of the bonds. This is the amount in the current period.

Amortization premium on bonds	661,680
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Losses on refunded debt are not considered to represent a financial resource and, therefore, are not required in the fund financial statements, but the loss is recorded as a deferred outflow of resources in the statement of net position and is amortized over the life of the bonds. This is the amount in the current period.

Amortization deferred loss on refunding	(241,404)
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Accreted interest on capital appreciation bonds is not reported in the governmental funds, however, it results in an increase in long-term liabilities on the statement of net position.

	(3,774,546)
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Borrowing of principal on long-term debt is not reported in the governmental fund, however, it results in an increase in long-term liabilities on the statement of net position.

	(900,000)
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Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bond principal retirement	<u>5,320,000</u>
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Change in net position of governmental activities	<u>\$ 2,125,602</u>
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See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis

Agency Fund

June 30, 2016

	Student Activity Fund
Assets, cash	\$ 146,271
Liabilities, due to activity fund organizations	<u>146,271</u>
Total net position	<u><u>\$ -</u></u>

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

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

The accounting policies of the District conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 and Statement of Activities report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

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

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

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

The District administers the following major governmental funds:

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

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

Transportation Fund – Accounts for the resources associated with transporting pupils, such as costs of transportation, purchase of vehicles and insurance on buses.

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

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

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows and outflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, accreted interest on capital appreciation bonds, premiums paid on bonds and amortization of losses related to debt refundings 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.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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 2015 tax levy was passed by the Board of Education on November 17, 2015, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and August 2016, and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

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

Investments

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

Interfund Receivables, Payables, and Activity

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.

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.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets which include land, land improvements, buildings, and other equipment, are reported in the Statement of Net Position. Capital assets are defined as assets with an initial individual cost of more than \$2,500, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

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

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

Buildings	15 - 50 years
Land improvements	20 years
Equipment	5 - 20 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days, however, full-time 12 month employees earn 5 to 25 vacation days per year which vest as they accrue. Staff may accumulate a maximum of 5 vacation days. Days are paid out upon resignation or retirement at the employees' current daily rate. Vacation pay includes the actual salary plus salary-related payments.

All employees receive 14 sick days per year, three of which may be used for personal business, and these days accumulate to no maximum. These accumulated sick days do not vest and have not been recognized as a liability as they will not be paid in cash. Upon retirement, bargaining unit employees are paid \$30 per day for each day not used for TRS/IMRF purposes. Up to 340 days may be contributed toward retirement. Certified employees are not paid for days contributed toward TRS/IMRF retirement. Bargaining Unit employees who quit, rather than retire, are not paid out any sick days but may contribute them toward early retirement.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Bond premiums and discounts are recorded as liabilities and amortized over the life of the bonds. Deferred losses on refunding are amortized over the life of the bonds and are reported as deferred outflows of resources in the Statement of Net Position.

In the fund financial statements, 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.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Net Position

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

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

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

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

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

Fund Balances

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

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2016, the District had no nonspendable fund balances.

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

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2016, the District had no committed fund balances.

Assigned – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's Board of Education itself; or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's Board of Education has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. At June 30, 2016, the District had no assigned fund balances.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

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 time 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 or abate the fund. At June 30, 2016, the District had working cash stabilization fund balances of \$10,637,427 that have been classified as unassigned fund balances in the general fund.

Elimination and Reclassification

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

Use of Estimates

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

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 2. Budgetary Information

Budgets and Budgetary Information

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

No later than the first regular meeting in August, the Superintendent is to submit for review by the Board of Education a tentative budget for the school year commencing on that date. After reviewing the tentative budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10 percent of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level. There were no supplemental budgets adopted during the year. There were no transfers between functions during the year.

Budget Over-Expenditures

The following funds over-expended their budgets at June 30, 2016:

<u>Fund</u>	<u>Amount</u>
General	\$ 253,903
Debt Service	66,984
Transportation	29,173
Municipal Retirement/Social Security	16,946

Note 3. Cash and Investments

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

Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest-bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of June 30, 2016, the District had deposits with federally insured financial institutions of \$146,271 with bank balances totaling \$149,258, and imprest cash of \$5,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District policy is to have all bank balances fully insured or collateralized. As of June 30, 2016, none of the District's bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2016, the District had the following investments:

	<u>Cost</u>
Pooled cash and investments held by the Worth Township Trustees	<u>\$ 19,458,376</u>

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 3. Cash and Investments (continued)

Investments (continued)

Of the total pooled cash and investments held by Worth Township Trustees, maturities are approximately as follows: less than 1 year (7.05 percent), 1 to 5 years (60.20 percent), 6-10 years (32.72 percent), and greater than 10 years (0.04 percent). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FHLMC (Freddie Mac), GNMA (Ginnie Mae), Illinois School District Liquid Asset Fund Plus (ISDLAF+), Municipal Bonds, Commercial paper and Illinois Funds.

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

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

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

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

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

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

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

Statement of Net Position (GWFS)	\$ 19,463,376
Statement of Fiduciary Assets and Liabilities (FFS)	<u>146,271</u>
	<u><u>\$ 19,609,647</u></u>

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 4,755,000	\$ -	\$ -	\$ 4,755,000
Construction in process	-	142,725	-	142,725
Total capital assets not being depreciated	<u>4,755,000</u>	<u>142,725</u>	<u>-</u>	<u>4,897,725</u>
Capital Assets, being depreciated:				
Land improvements	3,182,022	17,480	-	3,199,502
Buildings and improvements	61,663,900	7,750		61,671,650
Equipment	3,776,400	81,019	32,600	3,824,819
Total capital assets being depreciated	<u>68,622,322</u>	<u>106,249</u>	<u>32,600</u>	<u>68,695,971</u>
Less accumulated depreciation:				
Land improvements	(2,026,474)	(115,992)	-	(2,142,466)
Buildings and improvements	(24,919,283)	(1,338,465)		(26,257,748)
Equipment	(3,186,076)	(114,542)	(32,600)	(3,268,018)
Total accumulated depreciation	<u>(30,131,833)</u>	<u>(1,568,999)</u>	<u>(32,600)</u>	<u>(31,668,232)</u>
Total capital assets being depreciated, net	<u>38,490,489</u>	<u>(1,462,750)</u>	<u>-</u>	<u>37,027,739</u>
Governmental activities				
Capital assets, net	<u>\$ 43,245,489</u>	<u>\$ (1,462,750)</u>	<u>\$ -</u>	<u>\$ 41,925,464</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 962,250
Support services	471,811
Operation and maintenance	130,595
Community services	4,343
	<u>\$ 1,568,999</u>

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 5. Long-Term Obligations

Long-term obligations as of June 30, 2016, and a summary of activity for the year then ended are as follows:

	Outstanding Debt as of July 1, 2015	Additions	Reductions	Outstanding Debt as of June 30, 2016	Due Within One Year
General obligation bonds	\$ 13,735,000	\$ 900,000	\$ (770,000)	\$ 13,865,000	\$ 810,000
Capital appreciation bonds	36,848,664	3,774,546	(4,550,000)	36,073,210	4,550,000
Unamortized bond premiums	5,569,176	-	(661,680)	4,907,496	-
	<u>\$ 56,152,840</u>	<u>\$ 4,674,546</u>	<u>\$ (5,981,680)</u>	<u>\$ 54,845,706</u>	<u>\$ 5,360,000</u>

Additions to capital appreciation bonds represent current year accreted interest.

The District's estimated legal debt limitation of \$41,146,655, based on 6.9 percent of the 2015 equalized assessed valuation of \$596,328,334, less outstanding debt of \$25,173,604 after deletion of cumulative accreted interest of \$24,764,606 included as principal payable in the above capital appreciation bond schedules results in an estimated legal debt margin of \$15,973,051 as of June 30, 2016.

Interest rates range from 4.00 percent to 6.24 percent on the outstanding general obligation bonds and range from 9.00 percent to 13.50 percent on outstanding capital appreciation bonds. As of June 30, 2016, the future annual debt service requirements are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2017	\$ 1,710,000	\$ 663,680	\$ 1,386,919	\$ 3,163,531	\$ 6,924,130
2018	850,000	623,509	1,258,685	3,291,315	6,023,509
2019	890,000	580,378	1,298,838	3,856,162	6,625,378
2020	935,000	534,080	1,179,661	3,975,339	6,624,080
2021	980,000	485,397	1,066,866	4,088,134	6,620,397
Thereafter	8,500,000	1,715,624	5,117,635	39,362,365	54,695,624
	<u>\$ 13,865,000</u>	<u>\$ 4,602,668</u>	<u>\$ 11,308,604</u>	<u>\$ 57,736,846</u>	<u>\$ 87,513,118</u>

Interest maturities include \$24,083,448 in accreted interest on capital appreciation bonds, which is included in long-term debt on the statement of net position.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

Benefits Provided

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

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

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

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the TRS for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the TRS up to 90 percent of the total actuarial liabilities of the TRS 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, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (continued)

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, state of Illinois contributions in the amount of \$10,254,007 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the employer.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were \$115,905.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$295,581 were paid from federal and special trust funds that required employer contributions of \$106,587.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer was not required to make payments to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the employer was not required to make payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period.

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

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

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (continued)

Teachers' Health Insurance Security Fund

The District (employer) participates in the Teachers' Health Insurance Security (THIS) Fund, a cost sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but 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. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by 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. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to 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 the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$213,825.

Employer contributions to THIS

The District (employer) also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$159,869 to the THIS Fund, which was 100 percent of the required contribution.

Further information on THIS Fund

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

Oak Lawn-Hometown School District 123

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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	128
Inactive Plan Members entitled to but not yet receiving benefits	283
Active Plan Members	118
Total	529

Contributions

As set by statute, the district's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's required and actual contribution rates for the calendar years ending December 31, 2016 and 2015, were 15.67 percent and 15.32 percent, respectively. For fiscal year 2016, the District contributed \$560,910 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.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 6. Retirement Fund Commitments (continued)

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, 2015. 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. Debt Defeasance

In prior years, the District advance refunded certain general obligation bonds by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2016, the outstanding balance of all defeased bonds totals \$1,904,648.

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 Collective Liability Insurance Cooperative (CLIC) for its worker's compensation, general liability and property coverages. CLIC is an organization of school districts in Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs.

The Cooperative agreement provides that CLIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 per occurrence and \$3,000,000 in aggregate for general liability and property. CLIC's member premiums are used to purchase commercial insurance. The District along with other members of CLIC has a contractual obligation to fund any premium deficiency of CLIC attributable to a membership year during which it was a member. CLIC can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District made no supplemental premium payments to CLIC.

Each member District of CLIC has a vote in the election of the pool's Board of Directors. The District does not exercise any control over the activities of the pool beyond its election of the Board Members.

The District is a member of Educational Benefit Cooperative, which is a self-insured cooperative for employee health and accident claims. A purchased insurance policy limits the aggregate claims the District may potentially pay to \$500,000 per individual. All administration and claims processing is done by an independent administrator.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 9. Obligations Under Capital Leases

The District leases various equipment under capital leases which expire between July 2017 and April 2022. Monthly, quarterly, and annual lease payments, including interest ranging from 3.67 percent and 4.90 percent, range from \$7,544 to \$110,565. Since the capital leases are not the result of a cash transaction, the modified cash basis of accounting does not allow for the capital leases to be recorded as a liability on the government-wide financial statements. In addition the cost of the equipment acquired under the capital lease is not capitalized and the resulting depreciation expense is not recorded on the government-wide financial statements.

The District incurred \$324,838 in principal and interest expense relating to the capital leases in the current year.

Minimum future lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2016, are as follows:

Fiscal year ending June 30:

2017	\$ 279,574
2018	123,745
2019	123,745
2020	123,745
2021	123,745
Thereafter	123,745
Total minimum lease payments	<u>898,299</u>
Less amount representing interest	<u>81,870</u>
Present value of net minimum lease payments	<u><u>\$ 816,429</u></u>

Note 10. Other Financial Disclosures (FFS Level Only)

Interfund Loans

At June 30, 2016, the General Fund, Debt Service Fund and Transportation Fund loaned the Debt Service Fund, the Transportation Fund and the Municipal Retirement/Social Security Fund (major governmental funds) as well as the Fire Prevention and Safety Fund (a nonmajor governmental fund) \$585,359. The loan represents an operating loan that is expected to be repaid in fiscal year 2016.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 6,000,000	\$ -
Transportation Fund	-	6,000,000
	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>

The purpose of the interfund transfer is to fund bond principal and interest payments.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

Note 11. Post-Retirement Health Care Plan

Plan Description

The District provides post-employment health care benefits (OPEB) for retired employees. The District Group Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits to eligible retirees and their dependents. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District Board and can only be amended by the District Board. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The District does not issue a Plan financial report.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District Board and are detailed in the "Plan Document." The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the District did not contribute to the plan. At June 30, 2016, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

Annual OPEB Cost and Net OPEB Obligation

Since the net OPEB obligation is not the result of a cash transaction, the modified cash basis of accounting does not allow for the net OPEB obligation to be recorded as a liability on the government-wide financial statements.

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

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

Note 12. Pronouncements Issued But Not Yet Adopted

GASB Statement No. 73, *Accounting Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*, will be effective for the District beginning with its year ending June 30, 2017, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the District beginning with its year ending June 30, 2018. This statement will establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the District beginning with its year ended June 30, 2017. This Statement will establish rules on reporting by OPEB plans that administer benefits on behalf of governments.

Oak Lawn-Hometown School District 123

Notes to Basic Financial Statements

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer)*, will be effective for the District beginning with its year ending June 30, 2018. This statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the District beginning with its year ending June 30, 2017. This Statement requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB 14*, will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

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

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Management has not determined the impact, if any, these Statements will have on the financial position and results of operations of the District.

Other Information

Oak Lawn-Hometown School District 123

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

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 560,910	\$ 560,909	\$ 1	\$ 3,661,291	15.32%
2014	503,924	503,923	1	3,504,334	14.38%

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

Oak Lawn-Hometown School District 123

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

Calendar Year Ended December 31,	2015
A. Total pension liability	
1. Service cost	\$ 399,171
2. Interest on the Total Pension Liability	1,316,189
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	364,896
5. Changes of assumptions	20,118
6. Benefit payments, including refunds of employee contributions	(1,099,569)
7. Net change in total pension liability	1,000,805
8. Total pension liability - beginning	17,946,308
9. Total pension liability - ending	<u><u>\$ 18,947,113</u></u>
B. Plan fiduciary net position	
1. Contributions - employer	\$ 560,909
2. Contributions - employee	169,011
3. Net investment income	76,870
4. Benefit payments, including refunds of employee contributions	(1,099,569)
5. Other (net transfer)	560,959
6. Net change in plan fiduciary net position	268,180
7. Plan fiduciary net position - beginning	15,558,919
8. Plan fiduciary net position - ending	<u><u>\$ 15,827,099</u></u>
C. Net pension liability	<u><u>\$ 3,120,014</u></u>
D. Plan fiduciary net position as a percentage of total pension liability	83.53%
E. Covered Valuation payroll	\$ 3,661,291
F. Net pension liability as a percentage of covered valuation payroll	85.22%

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>

Oak Lawn-Hometown School District 123

**Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2016**

Contractually-required contribution	\$	115,905
Contributions in relation to the contractually-required contribution		<u>116,355</u>
Contribution deficiency (excess)	\$	<u>(450)</u>
Employer's covered-employee payroll		19,983,628
Contributions as a percentage of covered-employee payroll		0.58%

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2016**

Employer's proportion of the net pension liability		0.0056715182%
Employer's proportionate share of the net pension liability	\$	3,715,416
State's proportionate share of the net pension liability associated with the employer		<u>125,158,100</u>
Total	\$	<u>128,873,516</u>
Employer's covered-employee payroll		19,983,628
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		18.59%
Plan fiduciary net position as a percentage of the total pension liability		41.50%

Note to schedule: Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at <http://trs.illinois.gov/employers/bulletins/2015Rept.pdf>

Supplementary Information

Oak Lawn-Hometown School District 123

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

General Fund

Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 24,153,100	\$ 22,611,844	\$ (1,541,256)
Corporate property replacement taxes	448,800	413,194	(35,606)
Charges for services	1,657,500	1,840,734	183,234
Unrestricted state aid	3,530,000	3,554,687	24,687
Restricted state aid	1,215,000	1,473,827	258,827
Restricted federal aid	2,275,700	2,009,632	(266,068)
Interest	151,200	159,615	8,415
Total revenues	<u>33,431,300</u>	<u>32,063,533</u>	<u>(1,367,767)</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	16,846,550	16,781,168	65,382
Special programs	3,113,640	3,172,201	(58,561)
Other instructional programs	993,100	1,088,757	(95,657)
Support services:			
Pupils	2,517,600	2,584,470	(66,870)
Instructional staff	1,549,210	1,578,555	(29,345)
General administration	1,105,400	1,193,025	(87,625)
School administration	1,645,050	1,672,796	(27,746)
Business	1,496,800	1,337,643	159,157
Operations and maintenance	2,691,200	2,576,177	115,023
Central	114,200	84,720	29,480
Community services	91,600	91,830	(230)
Payments to other governments	1,426,300	1,195,907	230,393
Capital outlay	567,900	811,180	(243,280)
Debt service:			
Principal	-	204,426	(204,426)
Interest and fees	-	39,598	(39,598)
Total expenditures	<u>34,158,550</u>	<u>34,412,453</u>	<u>(253,903)</u>
Excess (deficiency) of revenues over (under) expenditures	(727,250)	(2,348,920)	(1,621,670)
Other financing sources (uses):			
Bond issuance	-	900,000	900,000
Transfer in	2,710,000	-	(2,710,000)
Transfer out	(170,100)	6,000,000	6,170,100
Change in fund balance	<u>\$ 1,812,650</u>	4,551,080	<u>\$ 4,548,430</u>
Fund balance:			
July 1, 2015		<u>9,137,036</u>	
June 30, 2016		<u>\$ 13,688,116</u>	

Oak Lawn-Hometown School District 123

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Transportation Fund
Year Ended June 30, 2016**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 2,854,800	\$ 4,393,054	\$ 1,538,254
Restricted state aid	454,400	635,437	181,037
Interest	7,900	38,048	30,148
Total revenues	<u>3,317,100</u>	<u>5,066,539</u>	<u>1,749,439</u>
Expenditures:			
Current:			
Support services:			
Transportation	<u>1,444,800</u>	<u>1,473,973</u>	<u>(29,173)</u>
Excess of revenues over expenditures	1,872,300	3,592,566	1,720,266
Other financing sources:			
Transfer in	<u>(2,710,000)</u>	<u>(6,000,000)</u>	<u>(3,290,000)</u>
Change in fund balance	<u><u>\$ (837,700)</u></u>	<u>(2,407,434)</u>	<u><u>\$ (1,569,734)</u></u>
Fund balance:			
July 1, 2015		<u>3,271,560</u>	
June 30, 2016		<u><u>\$ 864,126</u></u>	

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - Modified Cash Basis
 Debt Service Fund
 Year Ended June 30, 2016

	Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 5,835,100	\$ 6,353,482	\$ 518,382
Interest	33,900	48,568	14,668
Total revenues	<u>5,869,000</u>	<u>6,402,050</u>	<u>533,050</u>
Expenditures:			
Debt service:			
Principal	3,040,000	5,413,782	(2,373,782)
Interest and fees	3,000,000	693,202	2,306,798
Total expenditures	<u>6,040,000</u>	<u>6,106,984</u>	<u>(66,984)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,000)</u>	<u>295,066</u>	<u>466,066</u>
Other financing sources:			
Transfer in	<u>85,100</u>	<u>-</u>	<u>(85,100)</u>
Change in fund balance	<u>\$ (85,900)</u>	<u>295,066</u>	<u>\$ 380,966</u>
Fund balance:			
July 1, 2015		<u>3,633,095</u>	
June 30, 2016		<u>\$ 3,928,161</u>	

Oak Lawn-Hometown School District 123

Combining Balance Sheet - Modified Cash Basis
 General Fund, by Accounts
 June 30, 2016

	Educational Account	Operations and Maintenance Account	Tort Account	Working Cash Account	Total
Assets					
Cash and investments	\$ 857,627	\$ 1,667,433	\$ -	\$ 10,637,427	\$ 13,162,487
Due from other funds	827,398	9,180	-	-	836,578
Total assets	\$ 1,685,025	\$ 1,676,613	\$ -	\$ 10,637,427	\$ 13,999,065
Liabilities and Fund Balance					
Liabilities:					
Payroll liabilities	\$ 50,803	\$ 1,657	\$ -	\$ -	\$ 52,460
Due to other funds	-	201,978	56,511	-	258,489
Total liabilities	50,803	203,635	56,511	-	310,949
Fund balances:					
Working cash	-	-	-	-	-
Tort immunity	-	-	-	-	-
Unassigned	1,634,222	1,472,978	(56,511)	10,637,427	13,688,116
Total fund balance	1,634,222	1,472,978	(56,511)	10,637,427	13,688,116
Total liabilities and fund balance	\$ 1,685,025	\$ 1,676,613	\$ -	\$ 10,637,427	\$ 13,999,065

Oak Lawn-Hometown School District 123

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - Modified Cash Basis
 General Fund, by Accounts
 Year Ended June 30, 2016

	Educational Account		Operations and Maintenance Account		Tort Account		Working Cash Account		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Property taxes	\$ 21,512,600	\$ 19,433,505	\$ 2,167,700	\$ 2,690,121	\$ 465,900	\$ 479,868	\$ 6,900	\$ 8,350	\$ 24,153,100	\$ 22,611,844
Corporate property replacement taxes	-	-	448,800	413,194	-	-	-	-	448,800	413,194
Charges for services	812,900	997,938	844,600	842,796	-	-	-	-	1,657,500	1,840,734
Unrestricted state aid	3,530,000	3,554,687	-	-	-	-	-	-	3,530,000	3,554,687
Restricted state aid	1,215,000	1,473,827	-	-	-	-	-	-	1,215,000	1,473,827
Restricted federal aid	2,275,700	2,009,632	-	-	-	-	-	-	2,275,700	2,009,632
Interest	54,300	38,599	9,500	12,180	(500)	(2,529)	87,900	111,365	151,200	159,615
Total revenues	29,400,500	27,508,188	3,470,600	3,958,291	465,400	477,339	94,800	119,715	33,431,300	32,063,533
Expenditures:										
Current:										
Instruction:										
Regular programs	16,846,550	16,781,168	-	-	-	-	-	-	16,846,550	16,781,168
Special programs	3,113,640	3,172,201	-	-	-	-	-	-	3,113,640	3,172,201
Other instructional programs	993,100	1,088,757	-	-	-	-	-	-	993,100	1,088,757
Support services:										
Pupils	2,517,600	2,584,470	-	-	-	-	-	-	2,517,600	2,584,470
Instructional staff	1,549,210	1,578,555	-	-	-	-	-	-	1,549,210	1,578,555
General administration	629,800	708,155	-	-	475,600	484,870	-	-	1,105,400	1,193,025
School administration	1,645,050	1,672,796	-	-	-	-	-	-	1,645,050	1,672,796
Business	1,349,000	1,188,485	147,800	149,158	-	-	-	-	1,496,800	1,337,643
Operations and maintenance	-	-	2,691,200	2,576,177	-	-	-	-	2,691,200	2,576,177
Central	114,200	84,720	-	-	-	-	-	-	114,200	84,720
Community services	91,600	91,830	-	-	-	-	-	-	91,600	91,830
Payments to other governments	1,426,300	1,195,907	-	-	-	-	-	-	1,426,300	1,195,907
Capital outlay	556,100	589,439	11,800	221,741	-	-	-	-	567,900	811,180
Debt service:										
Principal	350,000	110,565	-	93,861	-	-	-	-	350,000	204,426
Interest and fees	-	-	-	29,884	-	-	-	9,714	-	39,598
Total expenditures	31,182,150	30,847,048	2,850,800	3,070,821	475,600	484,870	-	9,714	34,508,550	34,412,453
Excess (deficiency) of revenues over (under) expenditures	(1,781,650)	(3,338,860)	619,800	887,470	(10,200)	(7,531)	94,800	110,001	(1,077,250)	(2,348,920)
Other financing sources (uses):										
Bond issuance	-	-	-	-	-	-	-	900,000	-	900,000
Transfer in	2,710,000	6,000,000	-	-	-	-	-	-	2,710,000	6,000,000
Transfer out	(85,100)	-	-	-	-	-	(85,000)	-	(170,100)	-
Total other financing sources (uses)	2,624,900	6,000,000	-	-	-	-	(85,000)	900,000	2,539,900	6,900,000
Change in fund balance	\$ 843,250	2,661,140	\$ 619,800	887,470	\$ (10,200)	(7,531)	\$ 9,800	1,010,001	\$ 1,462,650	4,551,080
Fund balance (deficit):										
July 1, 2015		(1,026,918)		585,508		(48,980)		9,627,426		9,137,036
June 30, 2016		<u>\$ 1,634,222</u>		<u>\$ 1,472,978</u>		<u>\$ (56,511)</u>		<u>\$ 10,637,427</u>		<u>\$ 13,688,116</u>

Oak Lawn-Hometown School District 123

Combining Balance Sheet - Modified Cash Basis - by Fund Type
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Fund	Capital Project Funds		
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ -	\$ 911,792	\$ 85,671	\$ 997,463
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	\$ 64,144	\$ -	\$ 2,838	\$ 66,982
Total liabilities	64,144	-	2,838	66,982
Fund balances:				
Restricted for:				
Capital projects	-	911,792	82,833	994,625
Unassigned	(64,144)	-	-	(64,144)
Total fund balances	(64,144)	911,792	82,833	930,481
Total liabilities and fund balances	\$ -	\$ 911,792	\$ 85,671	\$ 997,463

Oak Lawn-Hometown School District 123

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Modified Cash Basis - by Fund Type
 Nonmajor Governmental Funds
 Year Ended June 30, 2016

	Special Revenue Fund	Capital Project Funds		
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 1,035,043	\$ -	\$ 10,188	\$ 1,045,231
Corporate property replacement taxes	12,472	-	-	12,472
Interest	1,467	10,427	1,176	13,070
Total revenues	1,048,982	10,427	11,364	1,070,773
Expenditures:				
Current:				
Instruction:				
Regular programs	214,253	-	-	214,253
Special programs	181,815	-	-	181,815
Other instructional programs	26,489	-	-	26,489
Support services:				
Pupils	107,467	-	-	107,467
Instructional staff	124,466	-	-	124,466
General administration	18,345	-	-	18,345
School administration	93,861	-	-	93,861
Business	83,456	-	-	83,456
Operations and maintenance	213,224	-	49,142	262,366
Central	12,028	-	-	12,028
Community services	5,042	-	-	5,042
Total expenditures	1,080,446	-	49,142	1,129,588
Change in fund balances	(31,464)	10,427	(37,778)	(58,815)
Fund balances:				
July 1, 2015	(32,680)	901,365	120,611	989,296
June 30, 2016	\$ (64,144)	\$ 911,792	\$ 82,833	\$ 930,481

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - Modified Cash Basis
 Municipal Retirement/Social Security Fund
 Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 998,600	\$ 1,035,043	\$ 36,443
Corporate property replacement taxes	13,500	12,472	(1,028)
Interest	1,600	1,467	(133)
Total revenues	<u>1,013,700</u>	<u>1,048,982</u>	<u>35,282</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	203,600	214,253	(10,653)
Special programs	175,700	181,815	(6,115)
Other instructional programs	31,300	26,489	4,811
Support services:			
Pupils	109,800	107,467	2,333
Instructional staff	120,000	124,466	(4,466)
General administration	17,800	18,345	(545)
School administration	94,200	93,861	339
Business	81,300	83,456	(2,156)
Operations and maintenance	209,300	213,224	(3,924)
Central	12,000	12,028	(28)
Community services	8,500	5,042	3,458
Total expenditures	<u>1,063,500</u>	<u>1,080,446</u>	<u>(16,946)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (49,800)</u>	(31,464)	<u>\$ 18,336</u>
Other financing sources:			
Transfer in	<u>85,100</u>	-	<u>(85,100)</u>
Change in fund balance	<u>\$ 35,300</u>	(31,464)	<u>\$ (66,764)</u>
Fund balance:			
July 1, 2015		<u>(32,680)</u>	
June 30, 2016		<u>\$ (64,144)</u>	

Oak Lawn-Hometown School District 123

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Capital Projects Fund
Year Ended June 30, 2016**

	Original and Final Budget	Actual	Variance
Revenues:			
Interest	\$ 9,500	\$ 10,427	\$ 927
Expenditures:			
Capital outlay	<u>306,300</u>	-	<u>306,300</u>
Change in fund balance	<u><u>\$ (296,800)</u></u>	10,427	<u><u>\$ 307,227</u></u>
Fund balance:			
July 1, 2015		<u>901,365</u>	
June 30, 2016		<u><u>\$ 911,792</u></u>	

Oak Lawn-Hometown School District 123

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Safety Fund
Year Ended June 30, 2016**

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	\$ 10,500	\$ 10,188	\$ (312)
Restricted State Aid	75,200	-	(75,200)
Interest	900	1,176	276
Total revenues	<u>86,600</u>	<u>11,364</u>	<u>(75,236)</u>
Expenditures:			
Support services:			
Operations and maintenance	59,600	49,142	10,458
Total expenditures	<u>59,600</u>	<u>49,142</u>	<u>10,458</u>
Change in fund balance	<u>\$ 27,000</u>	(37,778)	<u>\$ (64,778)</u>
Fund balance:			
July 1, 2015		<u>120,611</u>	
June 30, 2016		<u>\$ 82,833</u>	

Oak Lawn-Hometown School District 123

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

	Tax Year				
	2015	2014	2013	2012	2011
Assessed Valuations	\$ 596,328,334	\$ 613,838,296	\$ 658,739,617	\$ 699,016,231	\$ 761,320,023
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	3.0233	2.8518	3.1650	3.2740	2.8370
Special Education	0.3709	0.3259	0.3680	0.0191	0.0178
Operations and Main-					
tenance Accounts	0.4515	0.4480	0.2208	0.4014	0.3281
Tort Account	0.0807	0.0792	0.0295	0.0730	0.0676
Working Cash Account	0.0008	0.0016	0.0002	0.0015	0.0013
Fire Prevention and					
and Safety Fund	0.0008	0.0028	0.0002	0.0015	0.0013
Debt Service Fund	1.0843	1.0529	0.8756	0.8266	0.6339
Transportation Fund	0.7095	0.7565	0.2944	-	0.0994
Municipal Retirement/ Social Security Fund:					
Illinois Municipal Retirement	0.0725	0.0673	0.0765	0.0730	0.0676
Social Security	0.1064	0.1030	0.0765	0.0730	0.0676
Total	5.9007	5.6890	5.1067	4.7431	4.1216
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	\$ 18,028,794	\$ 17,505,440	\$ 20,849,108	\$ 22,885,791	\$ 21,598,534
Special Education	2,211,781	2,000,499	2,424,161	133,512	135,188
Operations and Main-					
tenance Accounts	2,692,422	2,749,995	1,454,497	2,805,851	2,498,265
Tort Account	481,236	486,159	194,328	510,281	515,000
Working Cash Account	4,770	9,821	1,317	10,485	10,006
Fire Prevention and					
and Safety Fund	4,770	17,187	1,317	10,485	10,006
Debt Service Fund	6,466,288	6,463,225	5,768,153	5,777,725	4,826,110
Transportation Fund	4,230,949	4,643,686	1,939,329	-	757,050
Municipal Retirement/ Social Security Fund:					
Illinois Municipal Retirement	432,338	413,113	503,935	510,281	515,000
Social Security	634,493	632,253	503,935	510,281	515,000
Totals	\$ 35,187,841	\$ 34,921,378	\$ 33,640,080	\$ 33,154,692	\$ 31,380,159
Tax collection	\$ 18,175,329	\$ 34,378,629	\$ 32,299,275	\$ 32,586,957	\$ 30,646,930
Percentage collected	51.65%	98.45%	96.01%	98.29%	97.66%

Oak Lawn-Hometown School District 123

Schedule of Debt Service Requirements
Year Ended June 30, 2016

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
Total outstanding debt	2017	\$ 3,096,919	\$ 3,827,211	\$ 6,924,130
	2018	2,108,685	3,914,824	6,023,509
	2019	2,188,838	4,436,540	6,625,378
	2020	2,114,661	4,509,419	6,624,080
	2021	2,046,866	4,573,531	6,620,397
	2022	2,074,990	5,208,924	7,283,914
	2023	2,031,703	5,252,612	7,284,315
	2024	1,847,770	5,433,645	7,281,415
	2025	1,899,484	6,115,609	8,015,093
	2026	1,878,810	6,136,170	8,014,980
	2027	3,884,878	12,931,029	16,815,907
		25,173,604	62,339,514	87,513,118
Accreted value adjustment		24,764,606	(24,764,606)	-
		<u>\$ 49,938,210</u>	<u>\$ 37,574,908</u>	<u>\$ 87,513,118</u>
Capital appreciation general obligation bond issue of December 16, 2002 Original amount \$17,722,524 Interest rate 9.00% Paying agent: Chase	2017	\$ 658,440	\$ 1,591,560	\$ 2,250,000
	2018	602,955	1,647,045	2,250,000
	2019	598,752	1,841,248	2,440,000
	2020	548,292	1,891,708	2,440,000
	2021	501,074	1,933,926	2,435,000
	2022	777,315	3,347,685	4,125,000
	2023	711,810	3,413,190	4,125,000
		4,398,638	15,666,362	20,065,000
Accreted value adjustment		10,074,063	(10,074,063)	-
		<u>\$ 14,472,701</u>	<u>\$ 5,592,299</u>	<u>\$ 20,065,000</u>
Capital appreciation general obligation bond issue of March 18, 2004 Original amount \$7,282,373 Interest rate 9.00% Paying agent: Chase	2017	\$ 426,526	\$ 878,474	\$ 1,305,000
	2018	392,083	917,917	1,310,000
	2019	445,364	1,179,636	1,625,000
	2020	407,843	1,217,157	1,625,000
	2021	351,640	1,178,360	1,530,000
		2,023,456	5,371,544	7,395,000
Accreted value adjustment		4,492,846	(4,492,846)	-
		<u>\$ 6,516,302</u>	<u>\$ 878,698</u>	<u>\$ 7,395,000</u>

Oak Lawn-Hometown School District 123

**Schedule of Debt Service Requirements (continued)
Year Ended June 30, 2016**

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
Capital appreciation general				
obligation refunding	2017	\$ 301,953	\$ 693,047	\$ 995,000
school bonds issue of	2018	263,647	726,353	990,000
October 15, 2007 (2007A)	2019	254,722	835,278	1,090,000
Original amount \$5,973,126	2020	223,526	866,474	1,090,000
Interest rate 13.50%	2021	214,152	975,848	1,190,000
Paying agent: Amalgamated Bank	2022	267,675	1,427,325	1,695,000
	2023	234,893	1,460,107	1,695,000
	2024	707,770	5,112,230	5,820,000
	2025	699,484	5,855,516	6,555,000
	2026	613,810	5,941,190	6,555,000
	2027	1,104,878	12,805,122	13,910,000
		<u>4,886,510</u>	<u>36,698,490</u>	<u>41,585,000</u>
Accreted value adjustment		<u>10,197,697</u>	<u>(10,197,697)</u>	<u>-</u>
		<u>\$ 15,084,207</u>	<u>\$ 26,500,793</u>	<u>\$ 41,585,000</u>
General obligation limited tax				
refund school bonds issue of	2017	\$ 410,000	\$ 219,044	\$ 629,044
October 15, 2007 (2007B)	2018	425,000	202,344	627,344
Original amount \$8,265,000	2019	445,000	184,944	629,944
Interest rate 4.00% - 4.25%	2020	460,000	166,844	626,844
Paying agent: Amalgamated Bank	2021	480,000	148,044	628,044
	2022	500,000	128,131	628,131
	2023	520,000	107,094	627,094
	2024	540,000	85,231	625,231
	2025	565,000	62,441	627,441
	2026	585,000	38,356	623,356
	2027	610,000	12,963	622,963
		<u>\$ 5,540,000</u>	<u>\$ 1,355,436</u>	<u>\$ 6,895,436</u>
General obligation limited tax				
school bonds issue of	2017	\$ 400,000	\$ 444,636	\$ 844,636
October 15, 2007 (2007C)	2018	425,000	421,165	846,165
Original amount \$10,385,000	2019	445,000	395,434	840,434
Interest rate 5.00% - 6.24%	2020	475,000	367,236	842,236
Paying agent: Amalgamated Bank	2021	500,000	337,353	837,353
	2022	530,000	305,783	835,783
	2023	565,000	272,221	837,221
	2024	600,000	236,184	836,184
	2025	635,000	197,652	832,652
	2026	680,000	156,624	836,624
	2027	2,170,000	112,944	2,282,944
		<u>\$ 7,425,000</u>	<u>\$ 3,247,232</u>	<u>\$ 10,672,232</u>
General obligation limited tax				
school bonds issue of	2017	\$ 900,000	\$ 450	\$ 900,450
June 14, 2016 (2016)				
Interest rate 0.06%				
Original amount \$900,000				
Principal payable July 14, 2016				
Interest payable July 14, 2016				
Paying agent: PMA Securities				