

**PROSPECT HEIGHTS SCHOOL
DISTRICT NO. 23
PROSPECT HEIGHTS, ILLINOIS
ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

PAUL H. THERMEN, C.P.A.
JEFFERY M. ROLLEFSON, C.P.A.

Independent Auditors' Report

Board of Education
Prospect Heights School District No. 23
Prospect Heights, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prospect Heights School District No. 23, Prospect Heights, Illinois, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The District has omitted disclosures required by Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which the disclosure would affect the financial statements is not reasonably determined.

Qualified Opinion

In our opinion, except for the effects of the omissions discussed in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Prospect Heights School District No. 23, as of June 30, 2015, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2015, the District adopted new accounting guidance: *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 Prospect Heights School District No. 23's financial statements. The Other Information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements of Prospect Heights School District No. 23. We have applied certain limited procedures to the Other Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of Prospect Heights School District No. 23'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 Prospect Heights School District No. 23's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

December 15, 2015
Rolling Meadows, Illinois
(20)

OTHER INFORMATION – UNAUDITED
Management's Discussion and Analysis

The Management's Discussion and Analysis of Prospect Heights School District 23's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2015. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The State of Illinois employer pension contributions "on-behalf" of the District are recorded for both revenue and expenditures and therefore do not affect the ending fund balance in the Educational Account. For discussion purposes, they have been removed from the calculations.
- It should be noted that in order to comply with GASB, the Educational and Working Cash Accounts have been combined into the General Fund for purposes of the audit only. The District continues to delineate their revenue and expenditures in compliance with the Illinois State Board of Education – Illinois Program Accounting Manual for operating purposes.
- As per State Statute, tax-exempt working cash bonds sold for the sole purpose of construction and renovation were initially reflected in the Working Cash Account when sold. Past practice was to hold the funds in Working Cash until needed in Capital Projects. Beginning with the 2013 Bond Issue and for the other bonds issued, the funds were transferred as soon as possible after receipt of the sale. All fund transfers required the passage of a resolution by the Board of Education. Such resolutions were approved and are on record in the District's Business Office. Transferring the funds immediately presented the most accurate financial picture in terms of the District's operating funds.
- The District ended the fiscal year with expenditures exceeding revenues by approximately \$107K before other financing sources and uses in the Operating Funds. The Operating Funds are defined as the Educational Account, Operations and Maintenance, Transportation and Municipal Retirement Funds.
- The 2014-2015 Adopted Operating Budget was approved with expenditures exceeding revenues by approximately \$3.9M. The actual deficit of \$631K can be attributed to a combination of factors:
 - In the Operating Funds, expenditures were approximately \$218K more than budgeted.
 - In the Transportation Fund, actual revenues received were approximately \$265K less than budgeted.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide Financial Statements,
- Fund Financial Statements, and
- Notes to Financial Statements

This report also contains other information related to retirement fund commitments, combining statements, budget to actual comparisons, and other schedules that supplement the basic financial statements.

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District's governmental activities include instructional services (regular education, special education and other), supporting services, community services, non-programmed charges, interest on long term debt, and other. The District operates a before and after school daycare program, in which parents pay a fee to have their students participate. This extended day program is only available to students currently enrolled in the District.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available to spend, as well as on balances of resources available to spend at the end of the fiscal year. Such information may be useful in evaluating a school District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and change in fund balances for the Educational and Working Cash Accounts, Operations and Maintenance, Debt Service, Transportation, Municipal Retirement, Capital Projects and Tort Funds. The District considers all of its funds to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the school District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to Financial Statements:

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information:

In addition to the basic financial statement and accompanying notes, this report also presents certain other information concerning the District's obligations to provide pension benefits, combining statements, budget to actual comparisons, and other schedules that supplement the basic financial statements.

District-Wide Financial Analysis

Table 1 Condensed Statement of Net Position (in millions of dollars)			
	2014	2015	% Change
Cash and Investments (Current)	\$ 14.62	\$ 10.42	-28.73%
Non-Current Assets	12.14	16.35	34.68%
Total Assets	\$ 26.76	\$ 26.77	0.04%
Current Liabilities	\$ 0.03	\$ 0.13	364.29%
Non-Current Liabilities	10.76	10.16	-5.58%
Total Liabilities	\$ 10.79	\$ 10.29	-4.62%
Net Position:			
Net investment in capital assets	\$ 5.86	\$ 6.18	5.46%
Restricted	2.17	3.05	40.55%
Unrestricted	7.94	7.25	-8.69%
Total Net Position	\$ 15.97	\$ 16.48	3.19%

The District's combined net position increased by \$0.51 million from the prior year. (See Table 1).

The Cash and Investments (Current) balance has decreased by \$4.2M during fiscal year 2014-2015 due to the payments to contractors for the installation of the geothermal system. In the same respect, the Non-Current Assets, less accumulated depreciation, has increased by \$4.2M reflecting the construction and other fixed asset purchases during the fiscal year.

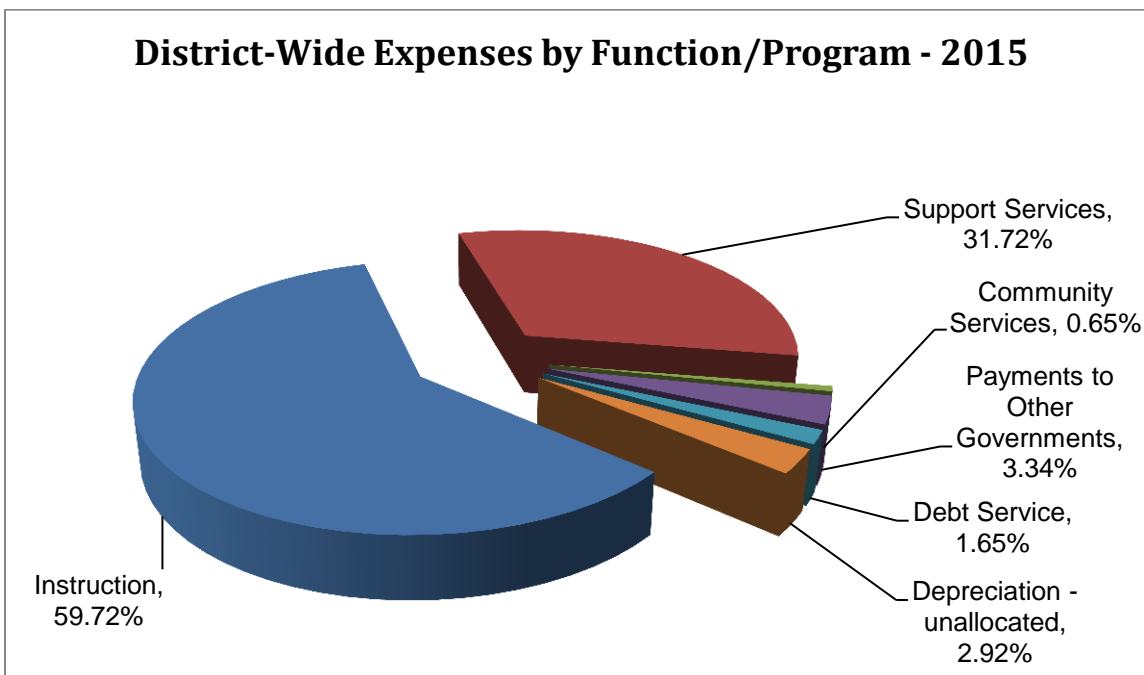
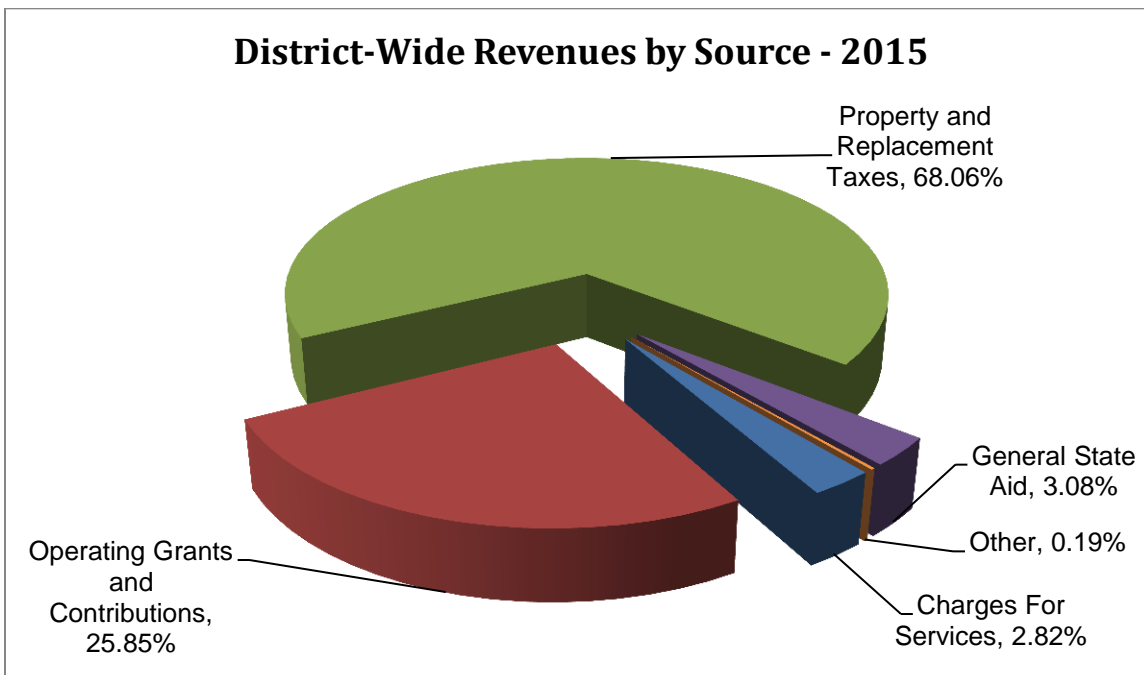
Table 2 represents the Changes in Net Position in the District. Revenues for the District's governmental activities were \$26.58M and total expenses were \$26.07M, resulting in a \$0.51 million increase in net position in 2015. In terms of dollars, Property Tax collections continued to be strong in the 2014-2015 fiscal year collections. Other sources of Revenue had unremarkable changes. The District's overall financial position has improved.

In terms of Expenditures, the increase is attributable to two sources. Instruction expenditures increased by approximately \$1.5M due to an increase in salaries, hiring of additional staff, an increase in benefits, an increase in supplies from a textbook adoption, additional technology devices that fall below the capital expenditure threshold of \$1K, and an increase in payments to other LEA's.

Table 2 Changes in Net Position - Governmental Activities (in millions of dollars)				
	2014	Percentage of Total	2015	Percentage of Total
Revenues:				
<u>Program revenues</u>				
Charges for services	\$ 0.67	2.578%	\$ 0.75	2.822%
Operating grants and contributions	6.34	24.394%	6.87	25.847%
<u>General revenues</u>				
Property and replacement taxes	17.89	68.834%	18.09	68.059%
General state aid	0.79	3.040%	0.82	3.085%
Other	0.30	1.154%	0.05	0.188%
Total Revenues	\$ 25.99		\$ 26.58	
Expenses:				
Instruction	\$ 14.08	58.937%	\$ 15.57	59.724%
Support services	7.84	32.817%	8.27	31.722%
Community services	0.15	0.628%	0.17	0.652%
Payments to other governmental units	0.97	4.060%	0.87	3.337%
Debt service	0.45	1.884%	0.43	1.649%
Depreciation - unallocated	0.40	1.674%	0.76	2.915%
Total Expenses	\$ 23.89		\$ 26.07	
Increases in Net Position	\$ 2.10		\$ 0.51	
Net Position, Beginning	13.87		15.97	
Net Position, Ending	\$ 15.97		\$ 16.48	

The second source of increased expenditures in Instruction is a \$1.4M increase in the "On-behalf" payments to TRS. It should be noted that Operating Grants and Contributions contains the "On behalf" payments to TRS. This is not "true" revenue for the District, but represents the State of Illinois employer pension contributions on behalf of the District. There is a reconciling expenditure in the Educational Fund (Instruction) for "On behalf" payments to TRS. The state's contribution is based on an actuarial formula rather than an amount specified by state statute. Please see Note 6 Retirement Fund Commitments for additional information on these payments.

In terms of Expenditures, the District continues to use budgetary controls put in place over the last few years by the Board of Education and Administration. The District uses staffing allocation formulas and enrollment projections as a means to control budget expenses. Per Board Policy, the District will expand budgetary controls over expenditures so as to maintain a positive fund balance.



Governmental Activities

Table 3 presents the cost of six major District activities: instruction, support services, community services, payments to other governmental units, debt service, and depreciation. The table also shows each activities net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions after excluding fees generated by activities, intergovernmental aid and general state aid.

Table 3 Net Cost of Governmental Activities (in millions of dollars)		
Functions/Programs	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$ 15.57	\$ 8.99
Support services	8.27	7.23
Community services	0.17	0.17
Payments to other governmental units	0.87	0.87
Debt service	0.43	0.43
Depreciation - unallocated	0.76	0.76
Total Expenses	\$ 26.07	\$ 18.45

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$10.30 million.

Overall, the District had a (\$0.9M) Net Change in Fund Balance for the 2014-2015 Fiscal Year in the Operating Funds; however, the District ended the year with a Net Change in all Funds Balance of (\$4.3M) due to the payment of capital expenditures and expenditures greater than budgeted. Of the Operating Funds, the Transportation Fund and the Municipal Retirement Fund experienced positive growth in their cash balances as of June 30, 2015. For additional information see the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances – Modified Cash Basis.

Capital Assets:

By the end of the 2015 fiscal year, the District had continued to invest \$4.97M in a broad range of depreciable Capital Assets, including school buildings, technology, equipment and administrative offices. Total depreciation expense for the year was \$761K, with accumulated depreciation of \$4.16M resulting in depreciable Capital Assets after depreciation of \$15.94M.

Capital Asset and Debt Administration

Non-depreciable Capital Assets including Land and Construction in Progress accounted for \$0.41M in Capital Assets, resulting in Total Capital Assets on June 30, 2015 of \$16.35M. (More detailed information about capital assets can be found in Note 4 to the financial statements).

Table 4 Capital Assets, Net of Accumulated Depreciation (in millions of dollars)			
Functions/Programs	2014	2015	Percentage Change
Land	\$ 0.41	\$ 0.41	0.00%
Construction in Progress	3.51	-	-100.00%
Buildings and Improvements	7.60	15.17	99.55%
Equipment and Furniture	0.60	0.73	21.67%
Transportation	0.02	0.04	100.00%
Total	\$ 12.14	\$ 16.35	34.66%

Long-term Debt:

At year-end, the District had \$10.17M in general obligation bonds and other long-term debt outstanding (see Table 5). More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Table 5 Outstanding Long-Term Debt (in millions of dollars)			
Type of Long-Term Debt	2014	2015	Percentage Change
Bonds	\$ 10.71	\$ 9.94	-7.19%
Other	0.06	0.23	283.33%
Total	\$ 10.77	\$ 10.17	-5.57%

Factors bearing on the District's Future

The Board of Education and the Prospect Heights Education Association had a four-year agreement, which expired on June 30, 2015. The successor contract has been negotiated and will expire on June 30, 2019. The new agreement provides responsible raises to individuals based upon their current earnings, experience and education level. In order to control costs, the new contract also ties starting salaries, pay raises and stipend increases to the consumer price index. The new agreement also maintains a guarantee that the Board and the Association will share the cost of any increase to premiums, whereby the Board will only pay the first 7% of an increase in the premium on health insurance.

The Board of Education and the Prospect Heights Education Association are committed to working together in the best interest of the student population that they serve. The Administration and the Association representatives meet regularly to discuss issues for which the parties have concern, collaborate on methods by which the educational program can be improved and determine financial solutions to staffing and supply questions which impact the District's overall finances.

The Board of Education and the Custodial Association Local No. 73 Service Employee International Union were working under the third year of a five-year agreement in 2014-2015. This agreement has reduced starting salaries, eliminated salary schedules/step increases and set salary increases for the term of the contract at 70% of the consumer price index (CPI) with a 1% floor and a 3% ceiling. The District is scheduled to begin the negotiation of the successor agreement during 2015-2016. The continuation of connecting starting salaries and salary increases to the CPI will be a focus in order to be sure that spending does not outpace revenues.

After a thorough review of alternatives to update the District's mechanical equipment, in 2012, the Board voted to sell up to \$10.7M in tax-exempt Working Cash Bonds to pay for the installation of geothermal heating and cooling, as well as energy efficient electrical, ceiling, lighting, roofing and flooring replacements, in all four schools.

During this three-year construction project, all mechanicals in the buildings were replaced with a geothermal system for heating and cooling. In addition, ceilings, lighting, certain roof areas and flooring were replaced in the buildings, resulting in a stable, energy efficient infrastructure within the buildings for at least the next twenty-five years, if not longer. This conversion was made in part due to the fact that the District's need for natural gas will be virtually eliminated. This will result in saving the District in excess of \$100K per year. The final year of construction occurred in 2015.

The Administration and the Board of Education continue to monitor sources of revenue and expenditures closely so as to balance delivering an excellent education with fiscal responsibility. As per Board Policy 4:20, if the Fund Balance should decrease below a set level, the Board has at its discretion the ability to instruct the Administration to develop plans for expenditure reductions within the District.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office at 700 North Schoenbeck Road, Prospect Heights, IL or 847-870-5552.

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BASIC FINANCIAL STATEMENTS

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 10,426,908
Total Current Assets	<u>10,426,908</u>
Non-Current Assets:	
Capital assets not being depreciated:	
Land	<u>405,938</u>
Total Capital assets not being depreciated	<u>405,938</u>
Capital assets net of accumulated depreciation:	
Buildings	14,724,278
Land improvements	441,815
Transportation equipment	46,765
Equipment	<u>729,068</u>
Total Depreciable Capital Assets, net of depreciation	<u>15,941,926</u>
Total Non-Current Assets	<u>16,347,864</u>
Total Assets	<u>26,774,772</u>
LIABILITIES	
Current Liabilities	
Payroll deductions payable	<u>130,140</u>
Total Current Liabilities	<u>130,140</u>
Non-Current liabilities:	
Due within one year	810,445
Due in more than one year	<u>9,357,312</u>
Total Non-Current Liabilities	<u>10,167,757</u>
Total Liabilities	<u>10,297,897</u>
NET POSITION	
Net investment in capital assets	6,180,107
Restricted	3,046,671
Unrestricted	<u>7,250,097</u>
Total Net Position	<u>\$ 16,476,875</u>

The accompanying notes to the financial statements are an integral part of this statement.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/ PROGRAMS	EXPENSES DISBURSED	PROGRAM REVENUES RECEIVED		EXCESS/ (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental Activities:				
Instruction	\$15,569,299	\$ 616,455	\$ 5,965,659	\$ (8,987,185)
Support services	8,270,735	134,831	902,133	(7,233,771)
Community services	169,751	-	-	(169,751)
Payments to Other LEA's and Government Units	874,888	-	-	(874,888)
Debt service:				
Interest and other	429,466	-	-	(429,466)
Depreciation - unallocated	761,745	-	-	(761,745)
Total Governmental Activities	<u>\$26,075,884</u>	<u>\$ 751,286</u>	<u>\$ 6,867,792</u>	<u>(18,456,806)</u>
GENERAL REVENUES RECEIVED:				
Taxes:				
				81,406
				16,873,987
				1,139,299
				821,055
				47,080
				(200)
				<u>18,962,627</u>
				505,821
				<u>15,971,054</u>
				<u>\$ 16,476,875</u>

The accompanying notes to the financial statements are an integral part of this statement.

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS
JUNE 30, 2015

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
ASSETS				
Cash and investments	\$ 7,384,697	\$ 740,157	\$ 359,187	\$ 552,001
Total Assets	<u>\$ 7,384,697</u>	<u>\$ 740,157</u>	<u>\$ 359,187</u>	<u>\$ 552,001</u>
LIABILITIES				
Payroll deductions payable	\$ 134,600	\$ (4,496)	\$ -	\$ 36
Total Liabilities	<u>134,600</u>	<u>(4,496)</u>	<u>-</u>	<u>36</u>
FUND BALANCES				
Fund Balances:				
Restricted	-	744,653	359,187	551,965
Unassigned	<u>7,250,097</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>7,250,097</u>	<u>744,653</u>	<u>359,187</u>	<u>551,965</u>
Total Liabilities and Fund Balances	<u>\$ 7,384,697</u>	<u>\$ 740,157</u>	<u>\$ 359,187</u>	<u>\$ 552,001</u>

The accompanying notes to the financial statements are an integral part of this statement.

MUNICIPAL RETIREMENT FUND	CAPITAL PROJECTS FUND	TORT FUND	TOTAL GOVERNMENTAL FUNDS
<u>\$ 175,062</u>	<u>\$ 1,176,234</u>	<u>\$ 39,570</u>	<u>\$ 10,426,908</u>
<u><u>\$ 175,062</u></u>	<u><u>\$ 1,176,234</u></u>	<u><u>\$ 39,570</u></u>	<u><u>\$ 10,426,908</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,140</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>130,140</u>
<u>175,062</u>	<u>1,176,234</u>	<u>39,570</u>	<u>3,046,671</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,250,097</u>
<u>175,062</u>	<u>1,176,234</u>	<u>39,570</u>	<u>10,296,768</u>
<u><u>\$ 175,062</u></u>	<u><u>\$ 1,176,234</u></u>	<u><u>\$ 39,570</u></u>	<u><u>\$ 10,426,908</u></u>

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND
BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

Total fund balances-governmental funds (Exhibit C)			\$ 10,296,768
Amounts reported for governmental activities in the statement of assets, liabilities and fund balances - modified cash basis are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			16,347,864
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
	Capital leases	\$ (227,757)	
	Bonds payable	<u>(9,940,000)</u>	<u>(10,167,757)</u>
Total net position - governmental activities (Exhibit A)			<u>\$ 16,476,875</u>

The accompanying notes to the financial statements are an integral part of this statement.

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
REVENUES RECEIVED:				
Property taxes	\$ 14,000,896	\$ 1,332,492	\$ 1,139,299	\$ 790,406
Corporate personal property replacement taxes	80,406	-	-	-
Food services	134,831	-	-	-
Textbooks	209,472	-	-	-
Interest on investments	32,603	2,781	1,843	2,310
Rentals	-	43,652	-	-
Other	360,135	38,235	-	3,196
State sources	1,436,502	-	-	346,791
State sources - retirement contribution	4,816,662	-	-	-
Federal Sources	842,112	-	-	-
Total Revenues Received	<u>21,913,619</u>	<u>1,417,160</u>	<u>1,141,142</u>	<u>1,142,703</u>
EXPENDITURES DISBURSED:				
Instruction	10,517,290	-	-	-
Support services	5,267,024	1,400,290	-	1,039,082
Community services	155,861	-	-	-
Payments to Other LEA's and Government Units	777,246	-	-	97,642
Capital outlay	438,232	105,673	-	-
On behalf payments	4,816,662	-	-	-
Debt Service:				
Principal	-	-	826,015	-
Interest	-	-	428,516	-
Other	-	-	950	-
Total Expenditures Disbursed	<u>21,972,315</u>	<u>1,505,963</u>	<u>1,255,481</u>	<u>1,136,724</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES (USES)	<u>(58,696)</u>	<u>(88,803)</u>	<u>(114,339)</u>	<u>5,979</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	227,757			
Permanent transfer (to) from Other Funds	<u>(864,370)</u>	<u>(160,000)</u>	<u>64,370</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(636,613)</u>	<u>(160,000)</u>	<u>64,370</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(695,309)	(248,803)	(49,969)	5,979
FUND BALANCE, JULY 1, 2014	<u>7,945,406</u>	<u>993,456</u>	<u>409,156</u>	<u>545,986</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 7,250,097</u>	<u>\$ 744,653</u>	<u>\$ 359,187</u>	<u>\$ 551,965</u>

The accompanying notes to the financial statements are an integral part of this statement.

MUNICIPAL RETIREMENT FUND	CAPITAL PROJECTS FUND	TORT FUND	TOTAL GOVERNMENTAL FUNDS
\$ 621,250	\$ -	\$ 128,943	\$ 18,013,286
1,000	-	-	81,406
-	-	-	134,831
-	-	-	209,472
1,052	6,431	60	47,080
-	-	-	43,652
476	20,179	-	422,221
-	-	-	1,783,293
-	-	-	4,816,662
-	187,890	-	1,030,002
<u>623,778</u>	<u>214,500</u>	<u>129,003</u>	<u>26,581,905</u>
235,347	-	-	10,752,637
340,094	58,424	165,821	8,270,735
13,890	-	-	169,751
-	-	-	874,888
-	4,424,542	-	4,968,447
-	-	-	4,816,662
-	-	-	826,015
-	-	-	428,516
-	-	-	950
<u>589,331</u>	<u>4,482,966</u>	<u>165,821</u>	<u>31,108,601</u>
<u>34,447</u>	<u>(4,268,466)</u>	<u>(36,818)</u>	<u>(4,526,696)</u>
-	960,000	-	227,757
-	960,000	-	-
-	960,000	-	227,757
34,447	(3,308,466)	(36,818)	(4,298,939)
140,615	4,484,700	76,388	14,595,707
<u>\$ 175,062</u>	<u>\$ 1,176,234</u>	<u>\$ 39,570</u>	<u>\$ 10,296,768</u>

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES - MODIFIED
CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Total net change in fund balances-governmental funds (Exhibit D)	\$ (4,298,939)
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital outlay	\$ 4,968,447	
Depreciation expense	(761,745)	
Loss on disposal of capital assets	<u>(200)</u>	
Capital outlay in excess of depreciation expense		4,206,502

Repayment of debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal reduces the liabilities in the statement of net position and do not result in an expense in the statement of activities.	826,015
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Proceeds from capital leases are reported as financing sources in the governmental funds, thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds received from capital lease.	<u>(227,757)</u>
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Change in net position of governmental activities (Exhibit B)	<u><u>\$ 505,821</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 AGENCY FUNDS
 STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Total Agency Funds</u>
 ASSETS	
Cash and investments	<u>\$ 90,189</u>
Total Assets	<u><u>\$ 90,189</u></u>
 LIABILITIES	
Due to organizations	<u>\$ 90,189</u>
Total Liabilities	<u><u>\$ 90,189</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting as defined by the Illinois State Board of Education Program Accounting Manual. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements are as follows:

A. Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the governmental accounting standards have been considered and there are no agencies or entities, which should be presented with the District.

B. Basis of Presentation – Fund Accounting

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities within the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses not allocated to functions are reported separately. Interest on general long-term debt is considered such an indirect expense. Depreciation expense is specifically identified by function and is included in the direct expenses of each function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District maintains individual funds as required by the Illinois State Board of Education Program Accounting Manual. Funds are organized into three major categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental fund types include the following:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fund – The primary operating fund of the District, which includes the Educational Account and the Working Cash Account, is always classified as a major fund. It is used to account for the revenues received and expenditures disbursed which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – The Special Revenue Funds, which include the Operations and Maintenance Fund, the Transportation Fund, the Municipal Retirement Fund, and the Tort Fund, are used to account for revenue received from specific sources (other than those accounted for in the Debt Service and Capital Projects Funds) that are legally restricted to expenditures disbursed for specified purposes.

Debt Service Fund – The Debt Service Fund, also known as the Bond and Interest Fund, accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund Types (not included in government-wide statements)

Agency Funds – The Agency Funds (Student Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues received, or expenditures disbursed of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues received, or expenditures disbursed of the individual governmental or enterprise fund are at least five percent of the corresponding totals for all governmental and enterprise funds combined.

The District considers all of its funds to be classified as major as follows:

General Fund	See above for description.
Operations and Maintenance Fund	A Special Revenue Fund used to account for the revenues and expenditures relating to the maintenance of the District's land, buildings and equipment.
Debt Service Fund	A Debt Service Fund used to accumulate resources for, and payments of, general long-term debt, principal, interest, and related costs.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Transportation Fund	A Special Revenue Fund used to account for activity relating to student transportation to and from school.
Municipal Retirement Fund	A Special Revenue Fund used to account for the District's retirement portion of pension fund contributions to the Illinois Municipal Retirement Fund for non-certified employees.
Capital Projects Fund	The Capital Projects Fund is used to account for major construction and/or renovation of facilities.
Tort Fund	A Special Revenue Fund used to account for funds restricted to Tort Immunity expenditures in accordance with <i>Illinois Compiled Statutes</i> .

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Measurement Focus/Basis of Accounting

Measurement Focus

The basic financial statements focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues received are recognized and recorded in the accounts when cash is received. In the same manner expenditures disbursed are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Program Revenues

Amounts reported as program revenues include 1) Tuition and fees and 2) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than as program revenues.

E. Cash and Investments

Investments are stated at cost, which approximates fair value. Gains and losses on the sale of investments are recognized upon realization.

F. Capital Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003, infrastructure assets were not capitalized. Such assets have been valued at estimated historical cost. Depreciation of all exhaustible fixed assets is recorded as an allocation in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: buildings, improvements and infrastructure, 20 to 50 years; transportation equipment, 8 years; equipment, 5 to 20 years. The capitalization threshold for the District is \$1,000.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. No depreciation is recorded in the fund financial statements.

G. Long-term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

H. Property Taxes

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The adoption date for the 2014 tax levy was December 10, 2014. Taxes attach as an enforceable lien on property on the date of levy and are payable in two installments (typically, early in March and early in September). The District receives significant distributions of tax receipts approximately one month after these due dates.

I. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement Fund with the balance allocated to funds at the discretion of the District.

J. Equity Classifications/Fund Balance Reporting

Equity Classifications

Equity is classified as net position and displayed in three components:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government-wide Fund Balance Reporting:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation. Restricted fund balances include the: Operations and Maintenance Fund, \$744,653; Debt Service Fund, \$359,187; Transportation Fund, \$551,965; Municipal Retirement Fund, \$175,062; Capital Projects Fund, \$1,176,234; and Tort Fund, \$39,570.

Unrestricted net position – Consists of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Balance Reporting

Governmental fund balances are to be classified into five major classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – the nonspendable fund balance classification 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. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted – the restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

- *Special Education* – revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. At June 30, 2015, expenditures disbursed exceeded revenues received for special education, resulting in no restricted fund balance.
- *State Grants* – proceeds from state grants and the related expenditures have been included in the Educational Account and Transportation Fund. At June 30, 2015, expenditures disbursed exceeded revenues received from state grants, resulting in no restricted fund balance.
- *Federal Grants* – proceeds from federal grants and the related expenditures have been included in the Educational Account. At June 30, 2015, expenditures disbursed exceeded revenues received from federal grants, resulting in no restricted fund balance.
- *Social Security* – revenues and the related expenditures of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. At June 30, 2015, expenditures disbursed exceeded revenues received for social security, resulting in no restricted fund balance.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Committed – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

Assigned – the assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Expenditures of fund balances – unless specifically identified, expenditures reduce restricted balances first, then to committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

NOTE 2 - CASH AND INVESTMENTS

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy that is in compliance with Illinois law. The institutions in which investments are made must be approved by the Board of Education.

The District maintains a cash and investment pool that is available for use by all funds. In addition, investments may be separately held by some of the District's funds.

Permitted Deposits and Investments – The District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 23 5/2 and 23 5/6; and Chapter 105, Section 5/8-7.

A. Cash and Investments in the Custody of the Treasurer

An intergovernmental agreement was entered into with District No. 214, to serve as the District's Assistant Treasurer in accordance with the Illinois Compiled Statutes. In addition to Prospect Heights School District No. 23, District No. 214 serves other school districts. Cash and investments from all districts are combined by the Assistant Treasurer, who operates as a non-rated, external investment pool, and invested as authorized by law.

At June 30, 2015, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. At June 30, 2015, the fair value of all cash and investments held by the Assistant Treasurer was \$295,666,599 and the fair value of the District's proportionate share of the pool was \$11,732,877.

Because all cash and investments are pooled by a separate legal governmental agency, categorization by risk category is not determinable. Further information regarding collateralization of investments and insurance is available from the Assistant Treasurer.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 2 - CASH AND INVESTMENTS (CONT'D)

B. Cash and Investments in the Custody of the School

At June 30, 2015, the carrying amount of the deposits and investments held at the District, not including investments held by the Assistant Treasurer as described above, totaled \$100,706 and the bank and investment balances totaled \$104,169. Of this amount, \$93,652 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) at June 30, 2015.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investments were held in ISDLAF+ as explained above.

Credit risk: State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by a nationally recognized rating organization (NRSRO's). The District has no investment policy that would further limit its investment choices. As of June 30, 2015, all the District's other investments had either "AAA" or "A-1 +" ratings by Standard & Poor's.

Custodial credit risk: With respect to investments, custodial credit risk 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. Investments held in liquid asset funds as indicated above are not collateralized or insured.

NOTE 3 – PROPERTY TAXES

A summary of the past two years' assessed valuation, tax rates, and extensions are as follows:

Tax Year	2014		2013	
Equalized Assessed Valuation	\$	466,847,503	\$	458,400,973
	Rates	Extensions	Rates	Extensions
Educational	3.0867	\$ 14,410,398	2.9869	\$ 13,688,149
Operations & Maintenance	0.2868	1,339,000	0.3033	1,390,500
Bond & Interest	0.2524	1,178,433	0.2532	1,160,569
Transportation	0.1544	721,000	0.1966	901,250
Municipal Retirement	0.0552	257,500	0.0831	381,100
Special Education	0.0552	257,500	0.0831	381,100
Tort	0.0309	144,200	0.0258	118,450
Totals	<u>3.9216</u>	<u>\$ 18,308,031</u>	<u>3.9320</u>	<u>\$ 18,021,118</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 405,938	\$ -	\$ -	\$ 405,938
Construction in progress	3,506,153	-	3,506,153	-
Total capital assets, not being depreciated	<u>3,912,091</u>	<u>-</u>	<u>3,506,153</u>	<u>405,938</u>
Capital assets, being depreciated:				
Buildings	9,307,370	7,930,696	-	17,238,066
Land improvements	587,084	161,340	-	748,424
Equipment	1,722,973	349,957	61,955	2,010,975
Transportation equipment	75,000	32,607	-	107,607
Total capital assets, being depreciated	<u>11,692,427</u>	<u>8,474,600</u>	<u>61,955</u>	<u>20,105,072</u>
Less: Accumulated depreciation:				
Buildings	2,009,941	503,847	-	2,513,788
Land improvements	281,563	25,046	-	306,609
Equipment	1,118,527	225,135	61,755	1,281,907
Transportation equipment	53,125	7,717	-	60,842
Total accumulated depreciation	<u>3,463,156</u>	<u>761,745</u>	<u>61,755</u>	<u>4,163,146</u>
Total capital assets, being depreciated, net	<u>8,229,271</u>	<u>7,712,855</u>	<u>200</u>	<u>15,941,926</u>
Governmental activities capital assets	<u>\$ 12,141,362</u>	<u>\$ 7,712,855</u>	<u>\$ 3,506,353</u>	<u>\$ 16,347,864</u>
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		<u>\$ 761,745</u>		

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Technology Loans	\$ 61,015	\$ -	\$ 61,015	\$ -	\$ -
Capital Lease	<u>-</u>	<u>227,757</u>	<u>-</u>	<u>227,757</u>	<u>50,445</u>
Total Loans and Leases	<u>61,015</u>	<u>227,757</u>	<u>61,015</u>	<u>227,757</u>	<u>50,445</u>
General Obligation Bonds:					
04/01/08 School Bond	615,000	-	615,000	-	-
02/07/13 School Bond	7,950,000	-	150,000	7,800,000	760,000
01/28/14 School Bond	<u>2,140,000</u>	<u>-</u>	<u>-</u>	<u>2,140,000</u>	<u>-</u>
Total Bonds Payable	<u>10,705,000</u>	<u>-</u>	<u>765,000</u>	<u>9,940,000</u>	<u>760,000</u>
Total Long-Term Debt	<u>\$ 10,766,015</u>	<u>\$ 227,757</u>	<u>\$ 826,015</u>	<u>\$ 10,167,757</u>	<u>\$ 810,445</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
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NOTE 5 - LONG-TERM OBLIGATIONS (CONT'D)

General Obligation Bonds Payable

On April 1, 2008, the District issued \$4,995,000 of General Obligation Limited Tax School Bonds, Series 2008. The issue provided for serial retirement of principal on December 1 of each year beginning December 1, 2009 and the final payment was due on December 1, 2014. The interest rate was 4.00% and was payable June 1 and December 1 of each year beginning June 1, 2008.

On February 7, 2013, the District issued \$7,950,000 of General Obligation Limited Tax School Bonds, Series 2013. The issue provides for serial retirement of principal on December 15 of each year beginning December 15, 2014 and the final payment due on December 15, 2023, with maturities ranging from \$150,000 to \$1,050,000. The interest rate ranges from 3% to 4.00% and is payable June 15 and December 15 of each year beginning June 15, 2013.

On January 28, 2014, the District issued \$2,140,000 of General Obligation Limited Tax School Bonds, Series 2014. The issue provides for serial retirement of principal on December 1 of each year beginning December 1, 2019 and the final payment due on December 1, 2023, with maturities ranging from \$15,000 to \$1,285,000. The interest rate ranges from 4% to 4.25% and is payable June 1 and December 1 of each year beginning December 1, 2014.

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. For the tax year 2014, the equalized assessed valuation was \$466,847,503. The District's legal debt limit is \$32,212,478 and as of June 30, 2015, the District has a legal debt margin of \$22,044,721.

Capital Lease/Installment Loan Obligations

The District has entered into various capital leases and installment loans for the purchase of equipment. Principal and interest payments were due at varying amounts and interest rates through the fiscal year ended June 30, 2015. Payments to retire these various obligations will come from the general revenues of the District.

At June 30, 2015, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Capital Leases/ Installment Loans		Bonds Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 41,910	\$ 8,535	\$ 760,000	\$ 365,412	\$ 801,910	\$ 373,947
2017	43,656	6,788	800,000	342,012	843,656	348,800
2018	45,475	4,969	840,000	317,412	885,475	322,381
2019	47,371	3,074	885,000	287,112	932,371	290,186
2020	49,345	1,100	955,000	250,312	1,004,345	251,412
2021	-	-	1,015,000	210,912	1,015,000	210,912
2022	-	-	1,080,000	169,012	1,080,000	169,012
2023	-	-	1,900,000	109,412	1,900,000	109,412
2024	-	-	1,705,000	35,706	1,705,000	35,706
	<u>\$ 227,757</u>	<u>\$ 24,466</u>	<u>\$ 9,940,000</u>	<u>\$ 2,087,302</u>	<u>\$ 10,167,757</u>	<u>\$ 2,111,768</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
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NOTE 6 - RETIREMENT FUND COMMITMENTS

A. Teachers Retirement System (TRS) of the State of Illinois

General Information about the Pension Plan

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 West Washington Street, P. O. 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 System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the system up to 90 percent of the total actuarial liabilities of the system by the end of fiscal year 2045.

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

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, 2015 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2015, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$4,816,662 in pension contributions from the State of Illinois.

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, 2015, were \$54,061, and are deferred because they were paid after the June 30, 2014 measurement date.

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, 2015, the employer pension contribution was 33.00 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$13,969 were paid from federal and special trust funds that required employer contributions of \$4,610. These contributions are deferred because they were paid after the June 30, 2014 measurement date.

Employer retirement 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 District 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, 2015, the employer paid \$20,393 to TRS for employer ERO contributions.

The District 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, 2015, the employer paid \$11,003 to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in excess of the normal annual allotment.

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,015,995
State's proportionate share of the net pension liability associated with the District	<u>58,601,328</u>
Total	<u>\$ 59,617,323</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2014, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2014, the employer's proportion was 0.001669 percent.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013, actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013, was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2013, the employer's proportion was 0.001859 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$4,880,910 and revenue of \$4,816,662 for support provided by the state. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 537	\$ -
Net difference between projected and actual earnings on pension plan investments	-	51,061
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	95,586
Employer contributions subsequent to the measurement date	<u>64,248</u>	<u>-</u>
Total	<u>\$ 64,785</u>	<u>\$ 146,647</u>

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

\$64,248 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (35,836)
2017	(35,836)
2018	(35,836)
2019	(35,836)
2020	(2,768)

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	5.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5 percent to 8.0 percent and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	8.23%
Global equity excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic real estate	4%	9.79%
ARS	8%	3.27%
Risk parity	8%	5.57%
Diversified inflation strategy	1%	3.96%
Private equity	14%	13.03%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 1,254,703	\$ 1,015,995	\$ 818,316

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

B. Teacher Health Insurance Security (THIS) Fund

Contributions

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

The 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 the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

- *On-Behalf Contributions to the THIS Fund*

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.02 percent of pay during the year ended June 30, 2015. State of Illinois contributions were \$98,633, and the District recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.76 percent during the year ended June 30, 2015. For the year ended June 30, 2015, the employer paid \$73,491 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund

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

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

C. Illinois Municipal Retirement Fund (IMRF)

General Information about the Pension Plan

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's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multi-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and other information. That report may be obtained on-line at www.imrf.org.

Benefits Provided

IMRF provides retirement, disability, post retirement increases, and death benefits. Your "Tier" determines your IMRF benefits. Your tier is determined by the first date you began participating in IMRF or certain Illinois reciprocal systems. Most IMRF members participate in the Regular plan. Regular plan members work for local units of government that participate in IMRF. Government types include school districts, cities, villages, townships, counties (except Cook), fire protection districts, library districts, and park districts.

If you first participated in IMRF or reciprocal system (except Judges or General Assembly retirement systems):

- Before January 1, 2011, you are in Tier 1
- On or after January 1, 2011, you are in Tier 2

To begin receiving an IMRF Tier 1 Regular Plan pension, you:

- Must have at least eight years of service credit (can include reciprocal retirement system service credit)
- Cannot be working in any position which qualifies for IMRF participation.
- Must be at least age 55.

Although you can retire as early as age 55, age 60 is your full retirement age. Your pension may be reduced if you retire before age 60, depending upon the amount of service credit you have.

Under Tier 1, your pension is increased by 3% of the original amount on January 1 every year after you retire. Your first annual increase is based upon the number of months you are retired in your first year. If your pension effective date is January 1, your first year increase will also be 3%. Otherwise, your first year increase will be less than 3%.

Under Tier 2, your pension is increased by the lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. Annual increases begin the January following the year you reach age 67 or after you receive one year of pension payments, whichever is later. If the CPI decreases or is zero, no increase is paid.

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

For additional benefit information, please see the December 31, 2014 Annual Actuarial Valuation report or Article 7 of the Illinois Pension Code.

Contributions

As set by statute, the District's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 11.68 percent. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Employees Covered by Benefit Terms

As of December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries	65
Inactive, non-retired members	76
Active members	<u>62</u>
	<u>203</u>

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.40 percent to 16.00 percent including inflation
Investment rate of return	7.50 percent

Mortality rates were based on the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2014 – December 31, 2014. The actuarial cost method used was the entry age normal method. The asset valuation method used was the market value of assets.

The long-term expected rate of return on pension plan investments is 7.50 percent; the municipal bond rate is 3.56 percent (based on the weekly rate closest to but not later than the measurement date of the 20-year Bond Buyer Index as published by the Federal Reserve); and the resulting single discount rate is 7.49 percent.

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

Discount Rate

The discount rate used to measure the total pension liability was 7.49 percent. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Pension Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required.

Changes in Net Pension Liability – Calendar Year Ended December 31, 2014

Total pension liability	
Service cost	\$ 275,175
Interest on the total pension liability	793,052
Difference between expected and actual experience	53,084
Changes of assumptions	552,003
Benefit payments, including refunds of employee contributions	<u>(533,397)</u>
Net change in total pension liability	\$ 1,139,917
Total pension liability - beginning	<u>10,703,143</u>
Total pension liability - ending	<u>\$ 11,843,060</u>
Plan fiduciary net position	
Contributions - employer	\$ 255,822
Contributions - employee	104,087
Net investment income	636,088
Benefit payments, including refunds of employee contributions	(533,397)
Other (net transfer)	<u>44,980</u>
Net change in plan fiduciary net position	\$ 507,580
Plan fiduciary net position - beginning	<u>10,514,415</u>
Plan fiduciary net position - ending	<u>\$ 11,021,995</u>
Net pension liability/(asset)	<u>\$ 821,065</u>
Plan fiduciary net position as a percentage of the total pension liability	93.07%
Covered valuation payroll	\$ 2,313,039
Net pension liability as a percentage of covered payroll	35.50%

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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

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

The following presents the net pension liability of the District, calculated using the discount rate of 7.49 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.49 percent) or 1-percentage-point higher (8.49 percent) than the current rate:

	1% Decrease 6.49%	Current Discount Rate 7.49%	1% Increase 8.49%
Total pension liability	\$ 13,260,309	\$ 11,843,060	\$ 10,665,024
Plan fiduciary net position	<u>11,021,995</u>	<u>11,021,995</u>	<u>11,021,995</u>
Net pension liability/(asset)	<u>\$ 2,238,314</u>	<u>\$ 821,065</u>	<u>\$ (356,971)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$270,163. At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 33,375
Changes of assumptions	347,056
Net difference between projected and actual earnings on pension plan investments	118,139
District contributions subsequent to the measurement date	<u>133,359</u>
Total	<u>\$ 631,929</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2015	\$ 387,550
2016	185,311
2017	29,535
2018	<u>29,533</u>
Total	<u>\$ 631,929</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
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NOTE 6 - RETIREMENT FUND COMMITMENTS (CONT'D)

D. Aggregate Pension Amounts

For the Year Ended June 30, 2015, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 64,785	\$ 631,929	\$ 696,714
Net Pension Liability	1,015,995	821,065	1,837,060
Deferred Inflows of Resources	146,647	-	146,647
Pension Expense, Net of State Support	64,248	270,163	334,411

NOTE 7 - CONTINGENCIES

As of June 30, 2015 the District was not aware of any litigation which might have a material, adverse effect on the District's financial position.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; and injuries to employees.

The District is a member of the Suburban School Cooperative Insurance Pool (SSCIP), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

A contract and a list of by-laws, adopted by resolution of each unit's governing body, govern the relationship between the District and SSCIP. The District is contractually obligated to make all annual and supplementary contributions for SSCIP, to report claims on a timely basis, cooperate with SSCIP, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by SSCIP. Members have a contractual obligation to fund any deficit of SSCIP attributable to a membership year during which they were a member.

SSCIP is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. SSCIP also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

The District is also a member of the School Employees Loss Fund (SELF), a joint risk management pool of school districts through which workers' compensation coverage is provided.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 9 - JOINT VENTURES

A. Northwest Suburban Special Education Organization (NSSEO)

The District and eight other districts have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

Complete financial statements for NSSEO can be obtained from the Administrative Offices at 799 West Kensington Road, Mount Prospect, Illinois 60056.

B. Early Childhood Developmental Enrichment Center (ECDEC)

The Early Childhood Developmental Enrichment Center (ECDEC) serves pre-school children who are not progressing at the rate anticipated for their potential success in kindergarten. The program, funded by an Illinois State Board of Education grant, is a collaborative effort of seven participating districts.

Complete financial statements for ECDEC can be obtained from the Administrative Offices at 500 Hillcrest Boulevard, Hoffman Estates, Illinois 60195.

NOTE 10 - COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

NOTE 11 – INTERFUND TRANSFERS

The following transfers were made during the year to the Debt Service Fund to pay principal and interest on debt other than bonds and to the Capital Projects Fund to fund capital improvement projects:

<u>Fund or Account</u>	<u>From</u>	<u>To</u>
Educational Account	\$ (864,370)	\$ -
Operations and Maintenance Fund	(160,000)	-
Debt Service Fund	-	64,370
Capital Projects Fund	-	960,000
	<u>\$ (1,024,370)</u>	<u>\$ 1,024,370</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE FINANCIAL STATEMENTS)
JUNE 30, 2015

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the District adopted new accounting guidance:

- *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and*
- *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the Statement of Net Position - Modified Cash Basis date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the Statement of Net Position - Modified Cash Basis date) and non-recognized (events or conditions that did not exist at the Statement of Net Position - Modified Cash Basis date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2015, and the date of this audit report requiring disclosure in the financial statements.

OTHER INFORMATION - UNAUDITED

Schedule of the Employer's Proportionate Share of the Net Pension Liability – Teachers' Retirement System of the State of Illinois (TRS)

Schedule of Employer Contributions – Teachers' Retirement System of the State of Illinois (TRS)

Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund (IMRF)

Schedule of Employer Contributions – Illinois Municipal Retirement Fund (IMRF)

Combining Balance Sheet – General Fund

Combining Schedule of Revenue, Expenditures and Changes in Fund Balance – General Fund

Schedule of Revenues Received and Expenditures Disbursed and Changes in Fund Balance – Budget and Actual

- Educational Account
- Working Cash Account
- Operations and Maintenance Fund
- Debt Service Fund
- Transportation Fund
- Municipal Retirement Fund
- Capital Projects Fund
- Tort Fund

Schedule of Revenues Received and Expenditures Disbursed – Activity Funds

Schedule of Bonded Debt Maturities and Interest – 2013 Ltd Tax School Bonds

Schedule of Bonded Debt Maturities and Interest – 2014 Ltd Tax School Bonds

Schedule of Per Capita Tuition Charge and Average Daily Attendance

Notes to Other Information

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
Other Information
Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2015*

Employer's proportion of the net pension liability	0.001669%
Employer's proportionate share of the net pension liability	\$ 1,015,995
State's proportionate share of the net pension liability associated with the employer	<u>58,601,328</u>
Total	<u><u>\$ 59,617,323</u></u>
Employer's covered-employee payroll	\$ 9,669,897
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.51%
Plan fiduciary net position as a percentage of the total pension liability	43.00%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
Other Information
Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2015

Contractually-required contribution	\$ 60,695
Contributions in relation to the contractually-required contribution	<u>64,248</u>
Contribution deficiency (excess)	<u>\$ (3,553)</u>
Employer's covered-employee payroll	\$ 9,669,897
Contributions as a percentage of covered-employee payroll	0.627670%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
Other Information
Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
Most Recent Calendar Year

Calendar year ending December 31,	2014
Total pension liability	
Service cost	\$ 275,175
Interest on the total pension liability	793,052
Difference between expected and actual experience of the total pension liability	53,084
Changes of assumption	552,003
Benefit payments, including refunds of employee contributions	(533,397)
Net change in total pension liability	1,139,917
Total pension liability - beginning	10,703,143
Total pension liability - ending (A)	<u><u>\$ 11,843,060</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 255,822
Contributions - employees	104,087
Net investment income	636,088
Benefit payments, including refunds of employee contributions	(533,397)
Other (net transfer)	44,980
Net change in plan fiduciary net position	507,580
Plan fiduciary net position - beginning	10,514,415
Plan fiduciary net position - ending (B)	<u><u>\$ 11,021,995</u></u>
Net pension liability/(asset) - ending (A) - (B)	<u><u>\$ 821,065</u></u>
Plan fiduciary net position as a percentage of total pension liability	93.07%
Covered valuation payroll	\$ 2,313,039
Net pension liability as a percentage of covered valuation payroll	35.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
Other Information
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Most Recent Calendar Year

<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>
2014	\$ 255,822	\$ 255,822	\$ -	\$ 2,313,039	11.06%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2014 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%. Approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
<i>Mortality:</i>	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2015

ASSETS	Educational Account	Working Cash Account	Total
Cash and investments	\$ 7,380,813	\$ 3,884	\$ 7,384,697
Total Assets	<u>\$ 7,380,813</u>	<u>\$ 3,884</u>	<u>\$ 7,384,697</u>
LIABILITIES			
Payroll deductions payable	\$ 134,600	\$ -	\$ 134,600
Total Liabilities	<u>134,600</u>	<u>-</u>	<u>134,600</u>
FUND BALANCES			
Fund Balances:			
Unassigned	<u>7,246,213</u>	<u>3,884</u>	<u>7,250,097</u>
Total Fund Balances	<u>7,246,213</u>	<u>3,884</u>	<u>7,250,097</u>
Total Liabilities and Fund Balances	<u>\$ 7,380,813</u>	<u>\$ 3,884</u>	<u>\$ 7,384,697</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
Revenue:					
Local Sources:					
General tax levy	\$ 13,730,179	\$ 14,000,896	\$ -	\$ 14,000,896	\$ 13,630,709
Corporate replacement taxes	75,000	80,406	-	80,406	76,802
Earnings on investments	22,000	32,591	12	32,603	23,679
Food services	175,000	134,831	-	134,831	160,869
Textbooks	210,000	209,472	-	209,472	215,448
Other	280,287	360,135	-	360,135	280,321
Total Local Sources	14,492,466	14,818,331	12	14,818,343	14,387,828
State Sources:					
General state aid	715,000	821,055	-	821,055	790,567
Special education	651,700	443,061	-	443,061	768,388
Bilingual	143,600	54,032	-	54,032	126,467
State free lunch and breakfast	317	2,057	-	2,057	2,237
On behalf payments to TRS	-	4,816,662	-	4,816,662	3,451,155
Other	61,000	116,297	-	116,297	64,454
Total State Sources	1,571,617	6,253,164	-	6,253,164	5,203,268
Federal Sources:					
School lunch programs	150,000	196,296	-	196,296	152,692
School breakfast	-	6,873	-	6,873	1,097
Commodities	-	29,683	-	29,683	33,569
Title I - Low Income	167,597	110,757	-	110,757	169,916
Special education	311,909	378,434	-	378,434	391,320
Title III - English Language Acquisition	54,315	46,416	-	46,416	37,460
Title II - Teacher Quality	29,893	29,997	-	29,997	52,955
Medicaid matching funds	40,000	40,677	-	40,677	47,130
Other	-	2,979	-	2,979	2,398
Total Federal Sources	753,714	842,112	-	842,112	888,537
Total Revenue	16,817,797	21,913,607	12	21,913,619	20,479,633

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
<u>Expenditures:</u>					
Instruction:					
Regular Programs:					
Salaries	\$ 5,632,258	\$ 5,603,412	\$ -	\$ 5,603,412	\$ 5,353,362
Employee benefits	981,486	1,116,793	-	1,116,793	1,069,847
Purchased services	35,260	57,283	-	57,283	29,880
Supplies and materials	261,000	236,951	-	236,951	414,589
Capital outlay	6,900	5,516	-	5,516	1,830
Other objects	8,415	1,959	-	1,959	2,457
Total	6,925,319	7,021,914	-	7,021,914	6,871,965
Tuition Payments to Charter Schools:					
Purchased services	24,520	-	-	-	-
Total	24,520	-	-	-	-
Special Education Programs:					
Salaries	1,586,075	1,550,446	-	1,550,446	1,427,724
Employee benefits	457,695	499,218	-	499,218	379,418
Purchased services	16,055	17,229	-	17,229	24,248
Supplies and materials	43,400	34,231	-	34,231	35,726
Capital outlay	16,000	10,469	-	10,469	12,663
Other objects	1,000	130	-	130	130
Non-capitalized equipment	-	-	-	-	1,628
Total	2,120,225	2,111,723	-	2,111,723	1,881,537
Special Education Programs Pre K:					
Salaries	197,087	186,957	-	186,957	188,837
Employee benefits	47,130	55,665	-	55,665	48,166
Supplies and materials	-	11,344	-	11,344	9,488
Capital outlay	6,500	-	-	-	6,431
Non-capitalized equipment	5,000	-	-	-	1,465
Total	255,717	253,966	-	253,966	254,387
Educationally Deprived/Remedial Programs:					
Salaries	88,055	79,634	-	79,634	103,661
Employee benefits	594	9	-	9	638
Purchased services	31,000	15,700	-	15,700	32,652
Supplies and materials	-	14,999	-	14,999	-
Total	119,649	110,342	-	110,342	136,951

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				2014
	Original and Final Budget	Educational Account	Working Cash Account	Total	
<u>Expenditures:</u>					
Instruction:					
CTE Programs:					
Salaries	\$ 87,431	\$ 87,431	\$ -	\$ 87,431	\$ 105,584
Employee benefits	70	2,978	-	2,978	15,010
Purchased services	4,300	3,410	-	3,410	841
Supplies and materials	23,000	25,004	-	25,004	9,734
Capital outlay	12,500	8,721	-	8,721	-
Non-capitalized equipment	800	759	-	759	-
Total	128,101	128,303	-	128,303	131,169
Interscholastic Programs:					
Salaries	116,188	112,826	-	112,826	108,374
Employee benefits	-	165	-	165	-
Purchased services	7,200	4,346	-	4,346	4,041
Supplies and materials	7,000	619	-	619	2,829
Other	2,225	2,955	-	2,955	2,000
Total	132,613	120,911	-	120,911	117,244
Summer School:					
Salaries	35,161	36,570	-	36,570	39,076
Purchased services	4,965	7,794	-	7,794	5,027
Supplies and materials	500	533	-	533	134
Total	40,626	44,897	-	44,897	44,237
Bilingual:					
Salaries	406,611	435,078	-	435,078	645,720
Employee benefits	47,005	66,972	-	66,972	92,385
Purchased services	-	360	-	360	500
Supplies and materials	19,000	27,839	-	27,839	6,382
Total	472,616	530,249	-	530,249	744,987
Special Education Programs Private Tuition:					
Other	230,000	219,691	-	219,691	231,099
Total	230,000	219,691	-	219,691	231,099
Total Instruction	10,449,386	10,541,996	-	10,541,996	10,413,576

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
<u>Expenditures:</u>					
Support Services:					
Attendance and Social Work Services:					
Salaries	\$ 268,270	\$ 268,665	\$ -	\$ 268,665	\$ 308,858
Employee benefits	23,137	35,898	-	35,898	34,061
Purchased services	33,150	23,575	-	23,575	24,455
Supplies and materials	12,900	7,303	-	7,303	3,939
Other	200	94	-	94	-
Total	337,657	335,535	-	335,535	371,313
Health Services:					
Salaries	285,834	291,256	-	291,256	281,050
Employee benefits	64,379	83,061	-	83,061	63,560
Purchased services	1,700	709	-	709	735
Supplies and materials	8,500	5,367	-	5,367	8,485
Other	250	-	-	-	-
Total	360,663	380,393	-	380,393	353,830
Psychological Services:					
Salaries	122,959	183,102	-	183,102	177,769
Benefits	35,437	41,507	-	41,507	35,319
Purchased services	4,000	2,113	-	2,113	979
Supplies and Materials	1,500	308	-	308	1,458
Other	150	-	-	-	50
Total	164,046	227,030	-	227,030	215,575
Speech Pathology & Audiology Services:					
Salaries	327,239	327,327	-	327,327	314,458
Employee benefits	36,818	43,129	-	43,129	36,274
Purchased services	1,250	299	-	299	275
Supplies and materials	2,000	587	-	587	1,113
Other	250	-	-	-	-
Total	367,557	371,342	-	371,342	352,120
Other Support Services:					
Salaries	2,254	2,254	-	2,254	2,254
Employee benefits	-	3	-	3	-
Purchased services	44,000	38,875	-	38,875	49,668
Total	46,254	41,132	-	41,132	51,922

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
<u>Expenditures:</u>					
Support Services:					
Improvement of Instruction:					
Salaries	\$ 174,078	\$ 184,314	\$ -	\$ 184,314	\$ 154,266
Employee benefits	36,452	37,826	-	37,826	49,196
Purchased services	17,321	15,510	-	15,510	13,137
Supplies and materials	4,500	2,208	-	2,208	1,435
Other	2,000	1,419	-	1,419	1,394
Total	234,351	241,277	-	241,277	219,428
Education Media Services:					
Salaries	621,277	621,867	-	621,867	549,797
Employee benefits	138,298	140,759	-	140,759	90,953
Purchased services	48,965	72,974	-	72,974	23,403
Supplies and materials	80,140	225,586	-	225,586	93,717
Capital outlay	329,501	183,661	-	183,661	39,453
Other	750	109	-	109	70
Non-capitalized equipment	-	581	-	581	63,866
Total	1,218,931	1,245,537	-	1,245,537	861,259
Assessment and Testing:					
Salaries	12,000	15,467	-	15,467	11,853
Purchased services	25,000	27,738	-	27,738	18,607
Total	37,000	43,205	-	43,205	30,460
Board of Education:					
Salaries	-	-	-	-	459
Purchased services	27,500	39,557	-	39,557	24,764
Supplies and materials	3,000	5,999	-	5,999	2,001
Other objects	8,000	8,939	-	8,939	3,705
Total	38,500	54,495	-	54,495	30,929
Executive Administration:					
Salaries	210,206	218,738	-	218,738	194,539
Employee benefits	43,214	49,332	-	49,332	46,006
Purchased services	4,400	2,502	-	2,502	2,335
Supplies and materials	4,500	5,343	-	5,343	4,626
Other objects	7,800	4,156	-	4,156	6,145
Total	270,120	280,071	-	280,071	253,651

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
<u>Expenditures:</u>					
Support Services:					
Tort Services:					
Purchased services	\$ 75,000	\$ 41,731	\$ -	\$ 41,731	\$ 70,850
Total	75,000	41,731	-	41,731	70,850
Office of the Principal:					
Salaries	812,595	814,806	-	814,806	780,361
Employee benefits	186,580	207,210	-	207,210	184,479
Purchased services	11,000	6,956	-	6,956	4,605
Supplies and materials	-	15	-	15	-
Other	5,000	2,284	-	2,284	1,908
Total	1,015,175	1,031,271	-	1,031,271	971,353
Director of Business Services:					
Salaries	124,147	124,147	-	124,147	119,949
Employee benefits	35,075	34,921	-	34,921	34,089
Purchased services	1,500	2,624	-	2,624	640
Other	1,000	1,315	-	1,315	949
Total	161,722	163,007	-	163,007	155,627
Fiscal Services:					
Salaries	114,580	113,881	-	113,881	142,208
Employee benefits	26,586	28,707	-	28,707	27,345
Purchased services	29,000	14,386	-	14,386	22,258
Supplies and materials	3,500	5,976	-	5,976	1,533
Capital outlay	5,000	-	-	-	2,459
Non-capitalized equipment	-	727	-	727	-
Total	178,666	163,677	-	163,677	195,803
Operation and Maintenance of Plant Services:					
Salaries	-	844	-	844	-
Total	-	844	-	844	-

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				
	Original and Final Budget	Educational Account	Working Cash Account	Total	2014
<u>Expenditures:</u>					
Food Services:					
Salaries	\$ 61,000	\$ 55,580	\$ -	\$ 55,580	\$ 56,355
Employee benefits	-	49	-	49	-
Purchased services	316,735	332,421	-	332,421	314,641
Supplies and materials	3,500	30,026	-	30,026	36,854
Capital outlay	5,000	2,108	-	2,108	-
Total	386,235	420,184	-	420,184	407,850
Internal Services:					
Purchased services	27,000	27,742	-	27,742	26,842
Supplies and materials	2,000	2,878	-	2,878	855
Total	29,000	30,620	-	30,620	27,697
Support Services:					
Planning, Research, Development & Evaluation Services:					
Purchased services	25,000	25,000	-	25,000	25,000
Total	25,000	25,000	-	25,000	25,000
Information Services:					
Purchased services	100,750	124,450	-	124,450	139,969
Supplies and materials	-	-	-	-	295
Total	100,750	124,450	-	124,450	140,264
Staff Services:					
Salaries	62,949	62,547	-	62,547	61,380
Employee benefits	22,176	11,269	-	11,269	9,825
Purchased services	18,600	16,429	-	16,429	18,061
Supplies and materials	13,000	10,117	-	10,117	12,488
Other	400	-	-	-	-
Total	117,125	100,362	-	100,362	101,754
Data Processing:					
Purchased services	96,857	119,585	-	119,585	10,597
Supplies and materials	1,000	7,428	-	7,428	-
Capital outlay	-	227,757	-	227,757	-
Total	97,857	354,770	-	354,770	10,597

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015				2014
	Original and Final Budget	Educational Account	Working Cash Account	Total	
<u>Expenditures:</u>					
Other Support Services:					
Salaries	\$ 750	\$ 105	\$ -	\$ 105	\$ 210
Purchased services	4,500	4,135	-	4,135	1,789
Supplies and materials	350	377	-	377	-
Total	5,600	4,617	-	4,617	1,999
Total Support Services	5,267,209	5,680,550	-	5,680,550	4,849,281
Community Services:					
Salaries	159,681	116,616	-	116,616	113,855
Employee benefits	7,364	7,410	-	7,410	6,260
Purchased services	2,725	2,225	-	2,225	770
Supplies and materials	13,500	29,610	-	29,610	13,877
Total Community Services	183,270	155,861	-	155,861	134,762
Payments to Other LEA's and Gov't Units					
Purchased services	343,451	379,513	-	379,513	378,596
Tuition	554,900	397,733	-	397,733	442,457
Total Payments to Other LEA's and Government Units	898,351	777,246	-	777,246	821,053
On-behalf payments	-	4,816,662	-	4,816,662	3,451,155
Total Expenditures Disbursed	16,798,216	21,972,315	-	21,972,315	19,669,827
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES (USES)	19,581	(58,708)	12	(58,696)	809,806
OTHER FINANCING SOURCES (USES)					
Transfer to Debt Service Fund for payment of technology loan	(64,371)	(64,370)	-	(64,370)	(64,371)
Bonds issued	-	-	-	-	2,044,256
Bond premium	-	-	-	-	200,397
Transfer to Capital Projects Fund	-	(800,000)	-	(800,000)	(2,244,653)
Proceeds from capital lease	-	227,757	-	227,757	-
Total Other Financing Sources (Uses)	(64,371)	(636,613)	-	(636,613)	(64,371)
NET CHANGE IN FUND BALANCE	\$ (44,790)	(695,321)	12	(695,309)	745,435
Fund Balance, Beginning		7,941,534	3,872	7,945,406	7,199,971
Fund Balance, Ending		\$ 7,246,213	\$ 3,884	\$ 7,250,097	\$ 7,945,406

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 13,730,179	\$ 14,000,896	\$ 13,630,709
Corporate replacement taxes	75,000	80,406	76,802
Earnings on investments	22,000	32,591	22,575
Food services	175,000	134,831	160,869
Textbooks	210,000	209,472	215,448
Other	280,287	360,135	280,321
Total Local Sources	14,492,466	14,818,331	14,386,724
State Sources:			
General state aid	715,000	821,055	790,567
Special education	651,700	443,061	768,388
Bilingual	143,600	54,032	126,467
State free lunch and breakfast	317	2,057	2,237
On behalf payments	-	4,816,662	3,451,155
Other	61,000	116,297	64,454
Total State Sources	1,571,617	6,253,164	5,203,268
Federal Sources:			
School lunch programs	150,000	196,296	152,692
School breakfast	-	6,873	1,097
Commodities	-	29,683	33,569
Title I - Low Income	167,597	110,757	169,916
Special education I.D.E.A. Pre School	18,847	13,441	20,329
Special education I.D.E.A. Flow Through	293,062	256,794	263,658
Special education I.D.E.A. Room & Board	-	108,199	107,333
Title III - English Language Acquisition	54,315	46,416	37,460
Title II - Teacher Quality	29,893	29,997	52,955
Medicaid matching funds - Adm. Outreach	40,000	40,677	47,130
Other	-	2,979	2,398
Total Federal Sources	753,714	842,112	888,537
Total Revenues Received	16,817,797	21,913,607	20,478,529

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,632,258	\$ 5,603,412	\$ 5,353,362
Employee benefits	981,486	1,116,793	1,069,847
Purchased services	35,260	57,283	29,880
Supplies and materials	261,000	236,951	414,589
Capital outlay	6,900	5,516	1,830
Other objects	8,415	1,959	2,457
Total	6,925,319	7,021,914	6,871,965
Tuition Payments to Charter Schools:			
Purchased services	24,520	-	-
Total	24,520	-	-
Special Education Programs:			
Salaries	1,586,075	1,550,446	1,427,724
Employee benefits	457,695	499,218	379,418
Purchased services	16,055	17,229	24,248
Supplies and materials	43,400	34,231	35,726
Capital outlay	16,000	10,469	12,663
Other objects	1,000	130	130
Non-capitalized equipment	-	-	1,628
Total	2,120,225	2,111,723	1,881,537
Special Education Programs Pre K:			
Salaries	197,087	186,957	188,837
Employee benefits	47,130	55,665	48,166
Supplies and materials	-	11,344	9,488
Capital outlay	6,500	-	6,431
Non-capitalized equipment	5,000	-	1,465
Total	255,717	253,966	254,387

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Educationally Deprived/Remedial Programs:			
Salaries	\$ 88,055	\$ 79,634	\$ 103,661
Employee benefits	594	9	638
Purchased services	31,000	15,700	32,652
Supplies and materials	-	14,999	-
Total	119,649	110,342	136,951
CTE Programs:			
Salaries	87,431	87,431	105,584
Employee benefits	70	2,978	15,010
Purchased services	4,300	3,410	841
Supplies and materials	23,000	25,004	9,734
Capital outlay	12,500	8,721	-
Non-capitalized equipment	800	759	-
Total	128,101	128,303	131,169
Interscholastic Programs:			
Salaries	116,188	112,826	108,374
Employee benefits	-	165	-
Purchased services	7,200	4,346	4,041
Supplies and materials	7,000	619	2,829
Other	2,225	2,955	2,000
Total	132,613	120,911	117,244
Summer School:			
Salaries	35,161	36,570	39,076
Purchased services	4,965	7,794	5,027
Supplies and materials	500	533	134
Total	40,626	44,897	44,237
Total Instruction	10,449,386	10,541,996	10,413,576

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Bilingual:			
Salaries	\$ 406,611	\$ 435,078	\$ 645,720
Employee benefits	47,005	66,972	92,385
Purchased services	-	360	500
Supplies and materials	19,000	27,839	6,382
Total	472,616	530,249	744,987
Special Education Private Tuition:			
Other	230,000	219,691	231,099
Total	230,000	219,691	231,099
Support Services:			
Attendance and Social Work Services:			
Salaries	268,270	268,665	308,858
Employee benefits	23,137	35,898	34,061
Purchased services	33,150	23,575	24,455
Supplies and materials	12,900	7,303	3,939
Other	200	94	-
Total	337,657	335,535	371,313
Health Services:			
Salaries	285,834	291,256	281,050
Employee benefits	64,379	83,061	63,560
Purchased services	1,700	709	735
Supplies and materials	8,500	5,367	8,485
Other	250	-	-
Total	360,663	380,393	353,830
Psychological Services:			
Salaries	122,959	183,102	177,769
Benefits	35,437	41,507	35,319
Purchased services	4,000	2,113	979
Supplies and Materials	1,500	308	1,458
Other	150	-	50
Total	164,046	227,030	215,575

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Speech Pathology & Audiology Services:			
Salaries	\$ 327,239	\$ 327,327	\$ 314,458
Employee benefits	36,818	43,129	36,274
Purchased services	1,250	299	275
Supplies and materials	2,000	587	1,113
Other	250	-	-
Total	367,557	371,342	352,120
Other Support Services:			
Salaries	2,254	2,254	2,254
Employee benefits	-	3	-
Purchased services	44,000	38,875	49,668
Total	46,254	41,132	51,922
Improvement of Instruction:			
Salaries	174,078	184,314	154,266
Employee benefits	36,452	37,826	49,196
Purchased services	17,321	15,510	13,137
Supplies and materials	4,500	2,208	1,435
Other	2,000	1,419	1,394
Total	234,351	241,277	219,428
Education Media Services:			
Salaries	621,277	621,867	549,797
Employee benefits	138,298	140,759	90,953
Purchased services	48,965	72,974	23,403
Supplies and materials	80,140	225,586	93,717
Capital outlay	329,501	183,661	39,453
Other	750	109	70
Non-capitalized equipment	-	581	63,866
Total	1,218,931	1,245,537	861,259
Assessment and Testing:			
Salaries	12,000	15,467	11,853
Supplies and materials	25,000	27,738	18,607
Total	37,000	43,205	30,460

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Board of Education:			
Salaries	\$ -	\$ -	\$ 459
Purchased services	27,500	39,557	24,764
Supplies and materials	3,000	5,999	2,001
Other objects	8,000	8,939	3,705
Total	38,500	54,495	30,929
Executive Administration:			
Salaries	210,206	218,738	194,539
Employee benefits	43,214	49,332	46,006
Purchased services	4,400	2,502	2,335
Supplies and materials	4,500	5,343	4,626
Other objects	7,800	4,156	6,145
Total	270,120	280,071	253,651
Tort Services:			
Purchased services	75,000	41,731	70,850
Total	75,000	41,731	70,850
Office of the Principal:			
Salaries	812,595	814,806	780,361
Employee benefits	186,580	207,210	184,479
Purchased services	11,000	6,956	4,605
Supplies and materials	-	15	-
Other	5,000	2,284	1,908
Total	1,015,175	1,031,271	971,353
Director of Business Services:			
Salaries	124,147	124,147	119,949
Employee benefits	35,075	34,921	34,089
Purchased services	1,500	2,624	640
Other	1,000	1,315	949
Total	161,722	163,007	155,627

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Fiscal Services:			
Salaries	\$ 114,580	\$ 113,881	\$ 142,208
Employee benefits	26,586	28,707	27,345
Purchased services	29,000	14,386	22,258
Supplies and materials	3,500	5,976	1,533
Capital outlay	5,000	-	2,459
Non-capitalized equipment	-	727	-
Total	178,666	163,677	195,803
Operation and Maintenance of Plant Services:			
Salaries	-	844	-
Total	-	844	-
Food Services:			
Salaries	61,000	55,580	56,355
Employee benefits	-	49	-
Purchased services	316,735	332,421	314,641
Supplies and materials	3,500	30,026	36,854
Capital outlay	5,000	2,108	-
Total	386,235	420,184	407,850
Internal Services:			
Purchased services	27,000	27,742	26,842
Supplies and materials	2,000	2,878	855
Total	29,000	30,620	27,697
Planning, Research, Development & Evaluation Services:			
Purchased services	25,000	25,000	25,000
Total	25,000	25,000	25,000
Information Services:			
Purchased services	100,750	124,450	139,969
Supplies and materials	-	-	295
Total	100,750	124,450	140,264

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Staff Services:			
Salaries	\$ 62,949	\$ 62,547	\$ 61,380
Employee benefits	22,176	11,269	9,825
Purchased services	18,600	16,429	18,061
Supplies and materials	13,000	10,117	12,488
Other	400	-	-
Total	117,125	100,362	101,754
Data Processing:			
Purchased services	96,857	119,585	10,597
Supplies and materials	1,000	7,428	-
Capital outlay	-	227,757	-
Total	97,857	354,770	10,597
Other Support Services:			
Salaries	750	105	210
Purchased services	4,500	4,135	1,789
Supplies and materials	350	377	-
Total	5,600	4,617	1,999
Total Support Services	5,267,209	5,680,550	4,849,281
Community Services:			
Salaries	159,681	116,616	113,855
Employee benefits	7,364	7,410	6,260
Purchased services	2,725	2,225	770
Supplies and materials	13,500	29,610	13,877
Total Community Services	183,270	155,861	134,762
Payments to Other LEA's and Gov't Units			
Purchased services	343,451	379,513	378,596
Tuition	554,900	397,733	442,457
Total Payments to Other LEA's and Gov't Units	898,351	777,246	821,053
On-behalf payments	-	4,816,662	3,451,155
Total Expenditures Disbursed	16,798,216	21,972,315	19,669,827

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES (USES)	\$ 19,581	\$ (58,708)	\$ 808,702
OTHER FINANCING SOURCES (USES)			
Transfer to Debt Service Fund for payment of technology loan	(64,371)	(64,370)	(64,371)
Permanent transfer to Capital Projects Fund	-	(800,000)	-
Capital lease	-	227,757	-
Total Other Financing (Uses)	(64,371)	(636,613)	(64,371)
NET CHANGE IN FUND BALANCE	<u>\$ (44,790)</u>	(695,321)	744,331
Fund Balance, Beginning		7,941,534	7,197,203
Fund Balance, Ending		<u>\$ 7,246,213</u>	<u>\$ 7,941,534</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 WORKING CASH ACCOUNT
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ -	\$ 12	\$ 1,104
Total Local Sources	-	12	1,104
Total Revenues Received	-	12	1,104
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES (USES)	-	12	1,104
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	2,044,256
Bond premium	-	-	200,397
Permanent transfer to Capital Projects Fund	-	-	(2,244,653)
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	12	1,104
Fund Balance, Beginning		<u>3,872</u>	<u>2,768</u>
Fund Balance, Ending		<u>\$ 3,884</u>	<u>\$ 3,872</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,316,379	\$ 1,332,492	\$ 1,386,929
Earnings on investments	2,000	2,781	2,262
Rentals	35,000	43,652	13,766
Payments from other districts	25,000	24,292	31,997
Other	4,600	13,943	6,565
Total Local Sources	1,382,979	1,417,160	1,441,519
Federal Sources:			
Other grants	37,875	-	-
Total Revenues Received	1,420,854	1,417,160	1,441,519
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Service:			
Salaries	712,959	712,796	701,356
Benefits	130,412	127,957	132,907
Purchased services	337,345	323,793	221,972
Supplies and materials	215,500	232,040	269,114
Capital outlay	138,000	105,673	11,024
Other objects	1,200	1,100	1,000
Non-capitalized equipment	-	2,604	8,170
Total Support Services	1,535,416	1,505,963	1,345,543
Total Expenditures Disbursed	1,535,416	1,505,963	1,345,543
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING (USES)	(114,562)	(88,803)	95,976
OTHER FINANCING (USES)			
Permanent transfer to Capital Projects Fund	(160,000)	(160,000)	-
Total Other Financing (Uses)	(160,000)	(160,000)	-
NET CHANGE IN FUND BALANCE	\$ (274,562)	(248,803)	95,976
Fund Balance, Beginning		993,456	897,480
Fund Balance, Ending		\$ 744,653	\$ 993,456

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
DEBT SERVICE FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,078,941	\$ 1,139,299	\$ 1,146,706
Earnings on investments	1,000	1,843	1,210
Total Local Sources	1,079,941	1,141,142	1,147,916
Total Revenues Received	1,079,941	1,141,142	1,147,916
EXPENDITURES DISBURSED			
Debt Service:			
Principal	829,371	826,015	1,002,834
Interest	395,304	428,516	342,537
Bond issuance costs	-	950	106,001
Total Debt Service	1,224,675	1,255,481	1,451,372
Total Expenditures Disbursed	1,224,675	1,255,481	1,451,372
(DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES	(144,734)	(114,339)	(303,456)
OTHER FINANCING SOURCES			
Bonds issued	-	-	95,744
Bond premium	-	-	64,386
Transfer to Debt Service Fund for payment of technology loans	64,371	64,370	64,371
Total Other Financing Sources	64,371	64,370	224,501
NET CHANGE IN FUND BALANCE	\$ (80,363)	(49,969)	(78,955)
Fund Balance, Beginning		409,156	488,111
Fund Balance, Ending		\$ 359,187	\$ 409,156

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TRANSPORTATION FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 857,161	\$ 790,406	\$ 836,642
Earnings on investments	1,000	2,310	1,195
Other revenue	-	3,196	75
Total Local Sources	858,161	795,912	837,912
State Sources:			
Transportation aid - regular	300,000	184,740	368,202
Transportation aid - special education	250,000	162,051	290,788
Total State Sources	550,000	346,791	658,990
Total Revenues Received	1,408,161	1,142,703	1,496,902
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	33,539	21,966	32,681
Benefits	-	36	-
Purchased services	919,486	935,778	985,545
Supplies and materials	125,000	79,519	121,398
Other Support Services:			
Purchased services	10,000	1,783	11,198
Total Support Services	1,088,025	1,039,082	1,150,822
Payments to Other LEA's and Government Units:			
Purchased services	143,000	97,642	149,446
Total Expenditures Disbursed	1,231,025	1,136,724	1,300,268
NET CHANGE IN FUND BALANCE	\$ 177,136	5,979	196,634
Fund Balance, Beginning		545,986	349,352
Fund Balance, Ending		\$ 551,965	\$ 545,986

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 MUNICIPAL RETIREMENT FUND
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 672,156	\$ 621,250	\$ 693,464
Corporate replacement taxes	1,000	1,000	1,000
Earnings on investments	300	1,052	420
Other	-	476	-
Total Local Sources	673,456	623,778	694,884
Total Revenues Received	673,456	623,778	694,884
EXPENDITURES DISBURSED			
Instruction - Employee benefits	605,384	235,347	231,190
Support Services - Employee benefits	-	340,094	345,100
Community Services - Employee benefits	-	13,890	14,395
Total Expenditures Disbursed	605,384	589,331	590,685
NET CHANGE IN FUND BALANCE	\$ 68,072	34,447	104,199
Fund Balance, Beginning		140,615	36,416
Fund Balance, Ending		\$ 175,062	\$ 140,615

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ 1,000	\$ 6,431	\$ 8,450
Contributions from private sources	150,000	-	-
Other	20,000	20,179	87,852
Total Local Sources	171,000	26,610	96,302
State Sources:			
Maintenance grant	-	-	100,000
Total State Sources	-	-	100,000
Federal Sources:			
Energy efficiency program	182,568	187,890	154,864
Total Federal Sources	182,568	187,890	154,864
Total Revenues Received	353,568	214,500	351,166
EXPENDITURES DISBURSED			
Support Services:			
Business:			
Purchased services	59,824	58,424	61,045
Supplies and materials	-	-	3,770
Capital outlay	4,155,532	4,424,542	5,099,806
Total Support Services	4,215,356	4,482,966	5,164,621
Total Expenditures Disbursed	4,215,356	4,482,966	5,164,621
(DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED BEFORE OTHER FINANCING SOURCES	(3,861,788)	(4,268,466)	(4,813,455)
OTHER FINANCING SOURCES			
Transfer from Working Cash Account	-	-	2,244,653
Transfer from Educational Account	-	800,000	-
Transfer from Operations and Maintenance Fund	160,000	160,000	-
Total Other Financing Sources	160,000	960,000	2,244,653
NET CHANGE IN FUND BALANCE	\$ (3,701,788)	(3,308,466)	(2,568,802)
Fund Balance, Beginning		4,484,700	7,053,502
Fund Balance, Ending		\$ 1,176,234	\$ 4,484,700

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TORT FUND
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 127,750	\$ 128,943	\$ 115,618
Earnings on investments	300	60	114
Total Local Sources	128,050	129,003	115,732
Total Revenues Received	128,050	129,003	115,732
EXPENDITURES DISBURSED			
Support Services:			
General Administration:			
Worker's compensation	115,000	115,332	88,862
Unemployment insurance	2,000	527	340
Other insurance	50,000	49,962	48,103
Total Support Services	167,000	165,821	137,305
Total Expenditures Disbursed	167,000	165,821	137,305
NET CHANGE IN FUND BALANCE	<u>\$ (38,950)</u>	(36,818)	(21,573)
Fund Balance, Beginning		76,388	97,961
Fund Balance, Ending		<u>\$ 39,570</u>	<u>\$ 76,388</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
ACTIVITY FUNDS
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2015

	Cash Balance July 1, 2014	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2015
ASSETS				
Cash and investments in custody of School District	\$ 93,371	\$ 172,540	\$ 175,722	\$ 90,189
LIABILITIES				
Amount due to Activity:				
MacArthur				
Library fines	\$ 637	\$ 103	\$ 75	\$ 665
Student senate	3,506	4,744	4,926	3,324
Industrial arts	3,060	147	-	3,207
Drama	7,407	2,585	1,633	8,359
Pom-Pon	332	3,139	3,123	348
Yearbook	5,601	10,187	7,946	7,842
Student store	10,077	4,691	12,779	1,989
Eighth grade	4,354	15,228	15,942	3,640
Magazine	4,619	19,855	23,021	1,453
Field trips - sixth grade	810	3,753	3,949	614
Field trips - seventh grade	2,069	6,946	6,939	2,076
Field trips - eighth grade	3,876	1,749	2,493	3,132
Soda	1,091	1,616	1,495	1,212
Home economics	6,315	1,461	2,556	5,220
Basketball	(9)	1,610	555	1,046
Track	548	8,453	4,892	4,109
Wrestling fund	384	4,005	5,438	(1,049)
Volleyball	1,219	1,503	1,750	972
Special projects	932	1,522	1,469	985
Physical education	3,029	1,109	1,110	3,028
Art	1,180	140	710	610
Charitable fund	633	1,966	2,113	486
Student teachers - stipends	-	188	-	188
Eisenhower				
Field trips	111	7,564	7,589	86
Charitable fund	4	1,316	1,183	137
Student pictures	2,796	4,990	3,574	4,212
Student council	699	-	-	699
Book fair and library books	1,123	8,255	7,145	2,233
Student teachers - stipends	-	130	-	130
Sullivan				
Field trips	4,612	4,701	6,982	2,331
Plays	2,686	2,013	1,699	3,000
Student pictures	6,155	4,187	4,567	5,775
Birthday book	428	309	18	719
Library	3,519	7,886	6,537	4,868
Charitable fund	1	1,442	1,443	-
Needy family	489	1,733	1,539	683

(Cont'd)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Cash Balance July 1, 2014	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2015
LIABILITIES				
Amount due to Activity: (Cont'd)				
Ross				
Field trips	\$ 192	\$ 11,797	\$ 11,552	\$ 437
Birthday book	627	-	-	627
Library book	2,814	7,150	5,781	4,183
Student pictures	1,724	4,058	3,460	2,322
Needy family	759	963	821	901
Pennies for patients	-	4,142	4,119	23
Recorders Grades 3-5	-	1,141	1,093	48
Other	1,890	2,056	1,255	2,691
Interest earned account	1,072	7	451	628
	<u>\$ 93,371</u>	<u>\$ 172,540</u>	<u>\$ 175,722</u>	<u>\$ 90,189</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2015

Amount of Original Issue: \$ 7,950,000
Date of Issue: 02/07/13
Type: General Obligation Limited Tax
School Bonds, Series 2013
Interest Rates 3-4%

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
12/15/15		\$ 760,000	\$ 144,000	
06/15/16	6/30/2016	-	132,600	\$ 1,036,600
12/15/16		800,000	132,600	
06/15/17	6/30/2017	-	120,600	1,053,200
12/15/17		840,000	120,600	
06/15/18	6/30/2018	-	108,000	1,068,600
12/15/18		885,000	108,000	
06/15/19	6/30/2019	-	90,300	1,083,300
12/15/19		940,000	90,300	
06/15/20	6/30/2020	-	71,500	1,101,800
12/15/20		995,000	71,500	
06/15/21	6/30/2021	-	51,600	1,118,100
12/15/21		1,050,000	51,600	
06/15/22	6/30/2022	-	30,600	1,132,200
12/15/22		1,110,000	30,600	
06/15/23	6/30/2023	-	8,400	1,149,000
12/15/23	6/30/2024	420,000	8,400	428,400
TOTAL		<u>\$ 7,800,000</u>	<u>\$ 1,371,200</u>	<u>\$ 9,171,200</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2015

Amount of Original Issue: \$ 2,140,000
Date of Issue: 01/28/14
Type: General Obligation Limited Tax
School Bonds, Series 2014
Interest Rates 4% - 4.25%

Maturity Date	Year Ended	Payment		
		Principal	Interest	Fiscal Payment
12/01/15		\$ -	\$ 44,406	
06/01/16	6/30/2016	-	44,406	\$ 88,812
12/01/16		-	44,406	
06/01/17	6/30/2017	-	44,406	88,812
12/01/17		-	44,406	
06/01/18	6/30/2018	-	44,406	88,812
12/01/18		-	44,406	
06/01/19	6/30/2019	-	44,406	88,812
12/01/19		15,000	44,406	
06/01/20	6/30/2020	-	44,106	103,512
12/01/20		20,000	44,106	
06/01/21	6/30/2021		43,706	107,812
12/01/21		30,000	43,706	
06/01/22	6/30/2022		43,106	116,812
12/01/22		790,000	43,106	
06/01/23	6/30/2023		27,306	860,412
12/01/23	6/30/2024	1,285,000	27,306	1,312,306
TOTAL		<u>\$ 2,140,000</u>	<u>\$ 716,102</u>	<u>\$ 2,856,102</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF PER CAPITA TUITION CHARGE
AND AVERAGE DAILY ATTENDANCE

	Year Ended June 30,		
	2015	2014	2013
Allowable Expenses	<u>\$ 16,512,798</u>	<u>\$ 15,699,115</u>	<u>\$ 14,792,985</u>
Average Daily Attendance	<u>1,407.79</u>	<u>1,375.75</u>	<u>1,439.92</u>
Per Capita Tuition Charge	<u>\$ 11,730</u>	<u>\$ 11,411</u>	<u>\$ 10,273</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO OTHER INFORMATION
JUNE 30, 2015

NOTE 1 - TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (TRS)

Changes of Assumptions

Amounts reported in 2014 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Funds types is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The budget was passed on September 10, 2014.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. All encumbrances lapse at the end of the fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Board of Education is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 3 - EXCESS OF EXPENDITURES OVER BUDGET

The District over-expended its budget in the Educational Fund; actual expenditures of \$21,972,315 exceeded budgeted expenditures of \$16,798,216 by a difference of \$5,174,099. The District recognized revenue of \$4,816,662 in on-behalf payments to offset expenditures of \$4,816,662. After considering on-behalf revenue and expenditures, the District over-expended the budget in the Educational Fund by \$357,437.

The District over-expended its budget in the Debt Service Fund; actual expenditures of \$1,255,481 exceeded budgeted expenditures of \$1,224,675 by a difference of \$30,806.

The District over-expended its budget in the Capital Projects Fund; actual expenditures of \$4,482,966 exceeded budgeted expenditures of \$4,215,356 by a difference of \$267,610.