

ANNUAL FINANCIAL REPORT
PROSPECT HEIGHTS SCHOOL
DISTRICT NO. 23
PROSPECT HEIGHTS, ILLINOIS

JUNE 30, 2016

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Independent Auditor's 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining 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, 2016, 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.

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 November 1, 2016, 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

November 1, 2016
Rolling Meadows, Illinois
(15)

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, 2016. 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 assets of the District exceeded its liabilities at June 30, 2016 by \$16,375,841 (net position).
- The District's total net position decreased by \$101,034.
- 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.
- 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.
- Additions to capital assets amount to \$2,378,975, including building improvements in the amount of \$2,212,442. Expenditures of capital outlay total \$2,196,942 in the Capital Projects Fund.
- The General Fund and Operation and Maintenance Fund transferred \$1,050,000 to the Capital Projects Fund to cover cash shortfall.
- The District ended the fiscal year with expenditures exceeding revenues by approximately \$147K 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 2015-2016 Adopted Budget was approved with expenditures exceeding revenues by approximately \$1.95M. The actual deficit of \$520K can be attributed to a combination of factors:
 - In the Capital Projects Fund, expenditures were approximately \$485K more than budgeted.
 - In the Education Fund, expenditures exceeding revenues before other financing sources and uses were approximately \$320K more 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 that supplements the basic financial statements.

Included as revenue and expense in the Educational Account (and Total) is the annual "on-Behalf" payment by the State to the Teacher's Retirement System (TRS) discussed elsewhere in this audit report. The District did not budget for the on-behalf payment in fiscal year 2015-2016. This contribution by the State must be shown in the audit, but it should be kept in mind that to get a true picture of the District's revenue, expenses and balances, this contribution must be discounted.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are shown in the following table:

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as general fund	Instances in which District administers resources on behalf of someone else, such as student activity monies
Required financial statements	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balance	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Cash basis accounting and current financial resources focus	Cash basis accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Revenues for which cash is received during the year; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds may contain capital assets
Type of inflow/outflow information	Revenues for which cash is received during the year. Expenditures when goods and services have been paid for.	Revenues for which cash is received during the year. Expenditures when goods or services have been paid for.	All additions and deductions during the year

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the 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 statements, this report also presents certain other information that supplements the basic financial statements.

District-Wide Financial Analysis

Statement of Net Position: The following provides a summary of the District's Statement of Net Position as of June 30, 2016 and 2015:

	Governmental Activities	
	2016	2015
Assets:		
Current Assets	\$ 8,225,768	\$ 10,426,908
Capital Assets (Less Depreciation)	17,798,399	16,347,864
Total Assets	26,024,167	26,774,772
Liabilities:		
Current Liabilities	118,963	130,140
Noncurrent Liabilities	9,529,363	10,167,757
Total Liabilities	9,648,326	10,297,897
Net Position:		
Net Investment in Capital Assets	8,269,036	6,180,107
Restricted	1,791,132	3,046,671
Unrestricted	6,315,673	7,250,097
Total Net Position	\$ 16,375,841	\$ 16,476,875

Total Net Position: Please note that the amounts reported for governmental activities in the audit statement are different from the summary tables above because (1) Capital assets used in governmental activities are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) Long-term liabilities, including bonds payable and capital leases are not due in the current period and therefore not reported as liabilities in the funds. The result is that the total net position for governmental activities is \$16,375,841.

Restricted Net Position: A portion of the District's total net position is considered restricted. The District's restricted net position results from portions of governmental funds that are restricted, committed, or assigned, or in any other way, limit the availability of fund resources for future use. The Operations and Maintenance Fund, Transportation Fund, Illinois Municipal Retirement Fund, and Tort Funds are special revenue funds; by law, funds held in a special revenue fund are restricted to the purpose of the fund. The Net Position of the Debt Service Fund and Capital Projects Fund are also restricted for expenditures disbursed for specified purposes.

The funds have a restricted balance as follows: Operations and Maintenance Fund, \$573,858; Transportation Fund, \$601,100; Municipal Retirement Fund, \$183,925; Debt Service Fund, \$414,287; Capital Projects Fund, \$5,698; and the Tort Fund, \$12,264. The District's total restricted net position at the end of the fiscal year totaled \$1,791,132. There were no significant changes affecting restrictions, commitments, or other limitations to the availability of fund resources for future use.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

The following is a summary of the District's change in net position for the years ending June 30, 2016 and 2015:

	Governmental Activities	
	2016	2015
Revenues:		
Program Revenues:		
Charges for services	\$ 844,768	\$ 751,286
Operating grants	6,601,017	6,867,792
General Revenues:		
Property taxes	18,349,638	18,013,286
Personal property replacement taxes	74,939	81,406
State aid - formula grants	884,348	821,055
Unrestricted investment earnings	67,245	47,080
Donations from private sources	70,757	-
(Loss) on disposition of fixed assets	(41,846)	(200)
Total Revenues	26,850,866	26,581,705
Expenses:		
Instruction	16,077,472	15,569,299
Support services	8,722,294	8,270,735
Community services	144,221	169,751
Payments to other governmental units	783,040	874,888
Interest and fees on long-term debt	376,029	429,466
Depreciation (unallocated)	848,844	761,745
Total Expenditures	26,951,900	26,075,884
Change in Net Position	(101,034)	505,821
Net Position - Beginning	16,476,875	15,971,054
Net Position - Ending	\$ 16,375,841	\$ 16,476,875

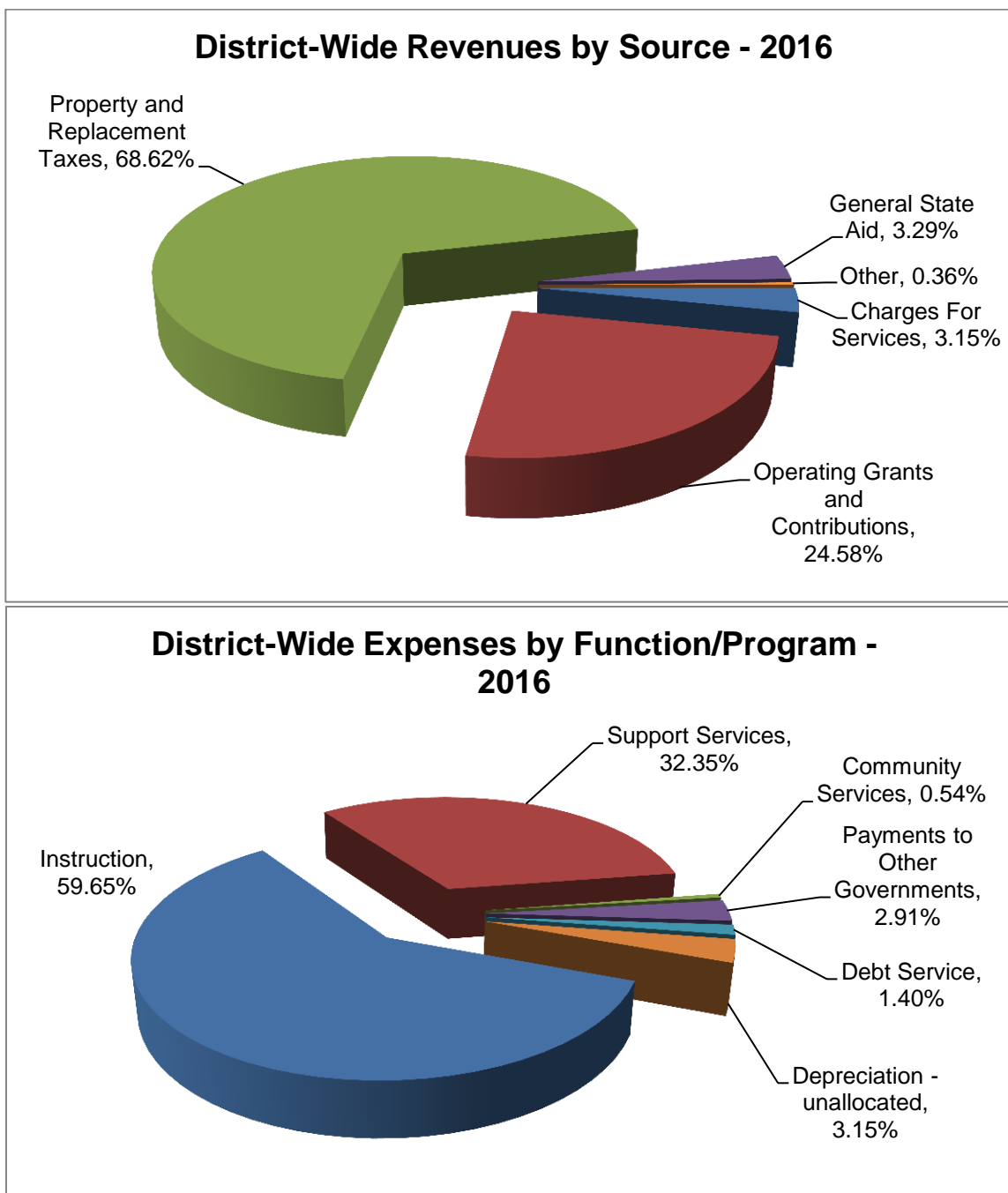
Changes in Net Position: The District's combined net position decreased by \$101,034 to \$16,375,841 in fiscal year 2016.

The District's total revenues were \$26,850,866 for governmental activities. Local taxes (predominantly real estate taxes) were \$18,424,577 or 68.62% of the total. Charges for services were \$844,768 or 3.15%. State and federal funding and grants were \$6,601,017 or 24.58% of the total. General state aid was \$884,348 or 3.29%. Unrestricted investments earned \$67,245 or 0.25%. The District received proceeds of \$37,750 on disposition of assets with a net basis of \$79,596, resulting in a loss of \$41,846.

The remaining increase in Operating Grants and Contributions is due to the "On behalf" payments to TRS and THIS. This is not revenue received by the District, but the State of Illinois employer pension contributions are made on behalf of the District. There is a coinciding expenditure in the Educational account for "On behalf" payments to TRS. Please see Note 6 Retirement Fund Commitments for additional information on these payments.

Total costs for all governmental programs totaled \$26,951,900. Expenditures are predominantly related to instruction, instructional support services, and maintenance of the physical plant. Expenditures remained relatively stable in comparison to the prior year. Instruction saw an increase in expenses in comparison to the previous year in the amount of \$508,173. Capital leases for the purchase of (52) Apple iPad bundles were expensed in the amount of \$246,480 to instruction, because per unit costs of the product did not reach the threshold amount to be classified as a Capital Asset.

The following two charts summarize the District's sources of income and expenses of the government-wide statement of activities.



Governmental Activities

The following table 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	2016	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 16,077,472	\$ 9,470,084
Support services	8,722,294	7,883,897
Community services	144,221	144,221
Payments to other governmental units	783,040	783,040
Debt service	376,029	376,029
Depreciation (unallocated)	848,844	848,844
Total Expenses	<u>\$ 26,951,900</u>	<u>\$ 19,506,115</u>

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 \$8,106,805. Overall, the District had a decrease in Fund Balance for the 2015-2016 Fiscal Year in the amount of \$2,189,963 in comparison to the previous year.

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.

General Fund:

Educational Account

- Fund balance decreased by \$934,445, resulting in an ending fund balance of \$6,311,768.
- The District transferred out \$134,540 to the Debt Service Fund for payment of capital lease principal and interest, and \$900,000 to the Capital Projects Fund to cover cash shortfall for completing construction projects.

Working Cash Account

- Fund balance increased by interest income of \$21.

Operations and Maintenance Fund

- Fund balance decreased by \$170,795, resulting in an ending fund balance of \$573,858.
- The District transferred out monies in the amount of \$150,000 to the Capital Projects Fund, which contributed to the decrease of fund balance.

Capital Projects Fund

- Fund balance decreased by \$1,170,536, resulting in an ending fund balance of \$5,698.
- A major source of the District's overall decrease in Fund Balance was capital outlay of \$2,196,942, as the District continued to make major improvements to the Buildings.
- To help cover costs the District had to transfer in \$1,050,000 from the General Fund and the Operations and Maintenance Fund.

Other Funds

- The Debt Service, Transportation, Municipal Retirement, and Tort Funds all had a reasonable fluctuation in net change in fund balance.
- Combined, these fund balances increased by \$85,792.

For additional information see the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances – Modified Cash Basis.

General Fund Budgetary Highlights

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's new resources available for spending at the end of the fiscal year.

The General Fund over expended its budget by \$5,401,372. A major reason of this over-expenditure is due to the District not budgeting for actual on-behalf payments of \$4,989,454 to the state. As noted earlier, there was also an expenditure of \$246,480 for non-capitalized equipment in the purchase of iPad bundles.

Capital Asset and Debt Administration

Capital Assets:

By the end of the 2016 fiscal year, the District had continued to invest \$2,378,975 in a broad range of depreciable Capital Assets, including school buildings, technology, equipment and administrative offices. Total depreciation expense for the year was \$848,844, with accumulated depreciation of \$4,929,235 resulting in depreciable Capital Assets after depreciation of \$17,392,461.

Non-depreciable Capital Assets including Land accounted for \$405,938 in Capital Assets, resulting in Total Capital Assets on June 30, 2016 of \$17,798,399. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets (Net of Depreciation)			
Functions/Programs	2016	2015	Percentage Change
Land	\$ 405,938	\$ 405,938	0.00%
Land Improvements	428,906	441,815	-2.92%
Buildings and Improvements	16,316,074	14,724,278	10.81%
Equipment and Furniture	603,224	729,068	-17.26%
Transportation	44,257	46,765	-5.36%
Totals	<u>\$ 17,798,399</u>	<u>\$ 16,347,864</u>	<u>8.87%</u>

Long-term Debt:

At year-end, the District had \$9,529,363 in general obligation bonds and other long-term debt outstanding. The District entered into a Capital Lease agreement for (52) Apple iPad Bundles for \$246,480. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

Outstanding Long-Term Debt			
Type of Long-Term Debt	2016	2015	Percentage Change
General Obligation Bonds	\$ 9,180,000	\$ 9,940,000	-7.65%
Capital Leases	349,363	227,757	53.39%
Totals	<u>\$ 9,529,363</u>	<u>\$ 10,167,757</u>	<u>-6.28%</u>

Factors bearing on the District's Future

The Board of Education and the Prospect Heights Education Association entered into a four-year agreement that commenced on July 1, 2015 and expires 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 10-year consumer price index. The new agreement also maintains a guarantee that the Board and the Association will share the cost of any increase to insurance premiums, whereby the Board will only pay the first 7% of an increase in the insurance 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. These discussions focus on how the Administration and Association can collaborate on methods by which the educational program can be improved, determine financial solutions to staffing and supply questions which impact the District's overall finances. In addition, the Board of Education, the Administration and Association have reinstituted the Insurance Committee for the purpose of educating the District's employees on issues concerning health care coverage and costs. These meetings will involve discussions on health care costs, program changes that could lead to financial savings for the District and program options that could benefit employees searching for alternative health care plan options.

The Board of Education and the Service Employees International Union Local No. 73, representatives of the District's custodians, have entered into a new agreement which commenced July 1, 2016 and expires on June 30, 2020. This agreement has increased starting salaries to a responsible living wage, offers salary increases without a salary schedule/step increases, and set salary increases for the term of the contract consistent with the percentage amounts of the PHEA agreement. As such, the salary increases for the custodian unit are also tied to the 10-year consumer price index.

The District's upgrade of the mechanical equipment, flooring and lighting, commenced in 2012, was completed in August 2015. The Board sold approximately \$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.

The District continued its implementation of the Technology Plan, whose center-piece was the 1:1 iPad technology roll out at Mac Arthur Middle School in 2015-16. It has been expanded to Sullivan School for 2016-17. In addition, updating the network infrastructure and connectivity continues to be a centerpiece of the Technology Plan, which is being accomplished largely through the use of eRate funding.

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, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 8,225,768
Capital assets not being depreciated:	
Land	405,938
Capital assets, net of accumulated depreciation:	
Buildings and improvements	16,316,074
Land improvements	428,906
Transportation equipment	44,257
Equipment	<u>603,224</u>
Total Assets	<u>26,024,167</u>
LIABILITIES	
Payroll deductions payable	118,963
Non-Current liabilities:	
Due within one year	924,645
Due in more than one year	<u>8,604,718</u>
Total Liabilities	<u>9,648,326</u>
NET POSITION	
Net investment in capital assets	8,269,036
Restricted	1,791,132
Unrestricted	<u>6,315,673</u>
Total Net Position	<u><u>\$ 16,375,841</u></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, 2016

FUNCTIONS/ PROGRAMS	Expenses Disbursed	Program Revenues Received			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 16,077,472	\$ 640,431	\$ 5,966,957	\$ -	\$ (9,470,084)
Support services	8,722,294	204,337	634,060	-	(7,883,897)
Community services	144,221	-	-	-	(144,221)
Payments to other districts/ government units	783,040	-	-	-	(783,040)
Debt service:					
Interest and other	376,029	-	-	-	(376,029)
Depreciation - unallocated	848,844	-	-	-	(848,844)
Total Governmental Activities	<u>\$ 26,951,900</u>	<u>\$ 844,768</u>	<u>\$ 6,601,017</u>	<u>\$ -</u>	<u>(19,506,115)</u>
GENERAL REVENUES RECEIVED:					
Taxes:					
Property taxes, levied for general purposes					17,170,135
Property taxes, levied for debt service					1,179,503
Personal property replacement taxes					74,939
State aid - formula grants					884,348
Unrestricted investment earnings					67,245
Donations from private sources					70,757
(Loss) on disposition of fixed assets					<u>(41,846)</u>
Total General Revenues Received					<u>19,405,081</u>
CHANGE IN NET POSITION					(101,034)
NET POSITION - JULY 1, 2015					<u>16,476,875</u>
NET POSITION - JUNE 30, 2016					<u>\$ 16,375,841</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, 2016

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
ASSETS				
Cash and investments	\$ 6,438,622	\$ 569,836	\$ 414,287	\$ 601,136
<u>Total Assets</u>	<u>\$ 6,438,622</u>	<u>\$ 569,836</u>	<u>\$ 414,287</u>	<u>\$ 601,136</u>
LIABILITIES				
Payroll deductions payable	\$ 122,949	\$ (4,022)	\$ -	\$ 36
<u>Total Liabilities</u>	<u>122,949</u>	<u>(4,022)</u>	<u>-</u>	<u>36</u>
FUND BALANCES				
Restricted	-	573,858	414,287	601,100
Unassigned	6,315,673	-	-	-
<u>Total Fund Balances</u>	<u>6,315,673</u>	<u>573,858</u>	<u>414,287</u>	<u>601,100</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 6,438,622</u>	<u>\$ 569,836</u>	<u>\$ 414,287</u>	<u>\$ 601,136</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>\$ 183,925</u>	<u>\$ 5,698</u>	<u>\$ 12,264</u>	<u>\$ 8,225,768</u>
<u><u>\$ 183,925</u></u>	<u><u>\$ 5,698</u></u>	<u><u>\$ 12,264</u></u>	<u><u>\$ 8,225,768</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,963</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>118,963</u>
<u>183,925</u>	<u>5,698</u>	<u>12,264</u>	<u>1,791,132</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,315,673</u>
<u>183,925</u>	<u>5,698</u>	<u>12,264</u>	<u>8,106,805</u>
<u><u>\$ 183,925</u></u>	<u><u>\$ 5,698</u></u>	<u><u>\$ 12,264</u></u>	<u><u>\$ 8,225,768</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
JUNE 30, 2016

Total fund balances-governmental funds (Exhibit C)	\$	8,106,805
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Amounts reported for governmental activities in the statement of assets, liabilities and fund balances - modified cash basis are different because:

When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole.

Cost of capital assets:		
Land	\$	405,938
Land improvements		756,817
Buildings		19,450,508
Furniture, fixtures and other equipment		2,025,409
Transportation equipment		<u>88,962</u>
 Total cost of capital assets		 22,727,634
 Accumulated depreciation		 <u>(4,929,235)</u>
 Net investment in capital assets		 17,798,399

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Capital leases	\$	(349,363)	
Bonds payable		<u>(9,180,000)</u>	<u>(9,529,363)</u>
 Total net position - governmental activities (Exhibit A)			 <u>\$ 16,375,841</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, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
REVENUES				
Local Sources:				
General tax levies	\$ 14,253,999	\$ 1,334,486	\$ 1,179,503	\$ 812,120
Corporate replacement taxes	73,939	-	-	-
Summer school tuition from pupils or parents	850	-	-	-
Earnings on investments	55,321	4,390	1,960	3,935
Food services	158,329	-	-	-
Pupil activities	32,044	-	-	-
Textbooks	250,064	-	-	-
Rentals	-	33,212	-	-
Contributions and donations	27,149	-	-	-
Refund of prior years' expenditures	24,590	-	-	-
Payments from other districts	-	27,468	-	-
Other	305,415	-	-	4,716
State Sources:				
General state aid	884,348	-	-	-
Special education	593,937	-	-	-
Bilingual education	94,007	-	-	-
State free lunch and breakfast	1,031	-	-	-
Transportation aid - regular	-	-	-	201,324
Transportation aid - special education	-	-	-	181,838
State on behalf payments	4,989,454	-	-	-
Other	7,853	-	-	-
Federal Sources:				
School lunch programs	170,706	-	-	-
Commodities	36,762	-	-	-
Title I - Low Income	130,453	-	-	-
Special education	98,864	-	-	-
Title III - English Language Acquisition	52,389	-	-	-
Title II - Teacher Quality	29,788	-	-	-
Medicaid matching fee-for-service	12,611	-	-	-
Total Revenues	<u>22,283,903</u>	<u>1,399,556</u>	<u>1,181,463</u>	<u>1,203,933</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
\$ 620,342	\$ -	\$ 149,188	\$ 18,349,638
1,000	-	-	74,939
-	-	-	850
1,184	436	19	67,245
-	-	-	158,329
-	-	-	32,044
-	-	-	250,064
-	-	-	33,212
-	43,608	-	70,757
-	-	8,080	32,670
-	-	-	27,468
-	-	-	310,131
-	-	-	884,348
-	-	-	593,937
-	-	-	94,007
-	-	-	1,031
-	-	-	201,324
-	-	-	181,838
-	-	-	4,989,454
-	-	-	7,853
-	-	-	170,706
-	-	-	36,762
-	-	-	130,453
-	-	-	98,864
-	-	-	52,389
-	-	-	29,788
-	-	-	12,611
<u>622,526</u>	<u>44,044</u>	<u>157,287</u>	<u>26,892,712</u>

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	OPERATIONS & MAINTENANCE FUND	DEBT SERVICE FUND	TRANS- PORTATION FUND
EXPENDITURES				
Instruction	\$ 15,830,955	\$ -	\$ -	\$ -
Support services	5,768,064	1,318,638	-	1,028,798
Community services	131,638	-	-	-
Payments to Other Districts and Gov't Units				
Government Units	657,040	-	-	126,000
Capital outlay	42,570	139,463	-	-
Debt Service:				
Principal	-	-	884,874	-
Interest	-	-	375,079	-
Other	-	-	950	-
Total Expenditures	<u>22,430,267</u>	<u>1,458,101</u>	<u>1,260,903</u>	<u>1,154,798</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(146,364)</u>	<u>(58,545)</u>	<u>(79,440)</u>	<u>49,135</u>
OTHER FINANCING SOURCES (USES)				
Proceeds on disposition of assets	-	37,750	-	-
Capital lease	246,480	-	-	-
Transfers in	-	-	134,540	-
Transfers out	<u>(1,034,540)</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(788,060)</u>	<u>(112,250)</u>	<u>134,540</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(934,424)</u>	<u>(170,795)</u>	<u>55,100</u>	<u>49,135</u>
FUND BALANCE, JULY 1, 2015	<u>7,250,097</u>	<u>744,653</u>	<u>359,187</u>	<u>551,965</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 6,315,673</u>	<u>\$ 573,858</u>	<u>\$ 414,287</u>	<u>\$ 601,100</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
\$ 246,517	\$ -	\$ -	\$ 16,077,472
354,563	67,638	184,593	8,722,294
12,583	-	-	144,221
-	-	-	783,040
-	2,196,942	-	2,378,975
-	-	-	884,874
-	-	-	375,079
-	-	-	950
613,663	2,264,580	184,593	29,366,905
8,863	(2,220,536)	(27,306)	(2,474,193)
-	-	-	37,750
-	-	-	246,480
-	1,050,000	-	1,184,540
-	-	-	(1,184,540)
-	1,050,000	-	284,230
8,863	(1,170,536)	(27,306)	(2,189,963)
175,062	1,176,234	39,570	10,296,768
\$ 183,925	\$ 5,698	\$ 12,264	\$ 8,106,805

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH
BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2016

Total net change in fund balances-governmental funds (Exhibit D) \$ (2,189,963)

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. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year. Capital outlays for items below the District's capitalization policy limits and repairs and maintenance are expensed. Also, when these assets are disposed of before they are fully depreciated, the loss is reported on the statement of activities, thereby further decreasing net position.

Capital outlay	\$ 2,378,975	
Depreciation expense	<u>(848,844)</u>	
Capital outlay in excess of depreciation expense		1,530,131

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses include the change in net basis of assets sold. (79,596)

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.

Principal paid on capital lease	124,874	
Principal paid to bond holders	<u>760,000</u>	
Total principal paid		884,874

Proceeds from capital leases are reported as financing sources in the governmental funds, thus contributing 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. (246,480)

Change in net position of governmental activities (Exhibit B) \$ (101,034)

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, 2016

	<u>Total Agency Funds</u>
ASSETS	
Cash and deposits	<u>\$ 87,382</u>
Total Assets	<u><u>\$ 87,382</u></u>
LIABILITIES	
Due to organizations	<u>\$ 87,382</u>
Total Liabilities	<u><u>\$ 87,382</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
JUNE 30, 2016

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.

Governmental 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
JUNE 30, 2016

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:

- 1) 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
- 2) 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.
Transportation Fund	A Special Revenue Fund used to account for activity relating to student transportation to and from school.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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.

D. Equity Classifications/Fund Balance Reporting

Government-wide Fund Balance Reporting

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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, \$573,858; Debt Service Fund, \$414,287; Transportation Fund, \$601,100; Municipal Retirement Fund, \$183,925; Capital Projects Fund, \$5,698; and Tort Fund, \$12,264, totaling \$1,791,132.

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.

Governmental 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, 2016, 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, 2016, 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, 2016, 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, 2016, expenditures disbursed exceeded revenues received for social security, resulting in no restricted fund balance.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

E. 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.

F. Cash and Investments

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

G. 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.

H. 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

I. 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 2015 tax levy was December 9, 2015, and 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.

J. 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.

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, 2016, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. At June 30, 2016, the fair value of all cash and investments held by the Assistant Treasurer was \$290,505,392 and the fair value of the District's proportionate share of the pool was \$8,532,208. The carrying amount of the District's deposits and investments total \$8,225,768, which is \$306,440 less than the amount reported by the Assistant Treasurer due to Imprest held by the District in the amount of \$10,327 and summer payroll not recorded by the Assistant Treasurer in the amount of \$316,770.

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.

B. Cash and Deposits in the Custody of the District – Student Activity and Imprest

At June 30, 2016, the carrying amount of the deposits held at the District, not including investments held by the Assistant Treasurer as described above, totaled \$97,709 and the bank and investment balances totaled \$102,649. Of this amount, \$92,322 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) at June 30, 2016.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONT'D)

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, 2016, 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

The following are summaries of the past two years' assessed valuation, tax rates, and the tax extensions created therefrom for Cook County. The tax rates were developed according to the Property Tax Limitation Act.

Cook County	Levy			
	2015		2014	
Equalized Assessed Valuation:	\$ 455,489,649		\$ 466,847,503	
Fund	Rates	Extensions	Rates	Extensions
Educational	3.1169	\$ 14,197,207	3.0867	\$ 14,410,398
Operations & Maintenance	0.2940	1,339,000	0.2868	1,339,000
Bond & Interest	0.2608	1,187,860	0.2524	1,178,433
Transportation	0.1979	901,250	0.1544	721,000
Municipal Retirement	0.0791	360,500	0.0552	257,500
Social Security	0.0791	360,500	0.0552	257,500
Tort	0.0339	154,500	0.0309	144,200
Totals	4.0617	\$ 18,500,817	3.9216	\$ 18,308,031

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 405,938	\$ -	\$ -	\$ 405,938
Total capital assets, not being depreciated	405,938	-	-	405,938
Capital assets, being depreciated:				
Buildings	17,238,066	2,212,442	-	19,450,508
Land improvements	748,424	8,393	-	756,817
Equipment	2,010,975	124,178	109,744	2,025,409
Transportation equipment	107,607	33,962	52,607	88,962
Total capital assets, being depreciated	20,105,072	2,378,975	162,351	22,321,696
Less: Accumulated depreciation:				
Buildings	2,513,788	620,646	-	3,134,434
Land improvements	306,609	21,302	-	327,911
Equipment	1,281,907	198,278	58,000	1,422,185
Transportation equipment	60,842	8,618	24,755	44,705
Total accumulated depreciation	4,163,146	848,844	82,755	4,929,235
Total capital assets, being depreciated, net	15,941,926	1,530,131	79,596	17,392,461
Governmental activities capital assets	<u>\$ 16,347,864</u>	<u>\$ 1,530,131</u>	<u>\$ 79,596</u>	<u>\$ 17,798,399</u>
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		<u>\$ 848,844</u>		

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Capital Leases:					
De Lage	\$ 227,757	\$ -	\$ 41,910	\$ 185,847	\$ 43,656
(52) Apple iPad bundles	-	246,480	82,964	163,516	80,989
Sub-Total Capital Leases	227,757	246,480	124,874	349,363	124,645
General Obligation Bonds:					
02/07/13 School Bond	7,800,000	-	760,000	7,040,000	800,000
01/28/14 School Bond	2,140,000	-	-	2,140,000	-
Sub-Total Bonds	9,940,000	-	760,000	9,180,000	800,000
Total Long-Term Debt	<u>\$ 10,167,757</u>	<u>\$ 246,480</u>	<u>\$ 884,874</u>	<u>\$ 9,529,363</u>	<u>\$ 924,645</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONT'D)

General Obligation Bonds Payable

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. The balance due as of June 30, 2016 is \$7,040,000.

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 balance due as of June 30, 2016 is \$2,140,000.

Capital Lease/Installment Loan Obligations

The District has entered into various capital leases for the purchase of equipment. Principal and interest payments were due at varying amounts and interest rates through the fiscal year ended June 30, 2016. Payments to retire these various obligations will come from the general revenues of the District.

At June 30, 2016, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending June 30,	Capital Leases		Bonds Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 124,645	\$ 9,895	\$ 800,000	\$ 342,012	\$ 924,645	\$ 351,907
2018	128,002	6,537	840,000	317,412	968,002	323,949
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>\$ 349,363</u>	<u>\$ 20,606</u>	<u>\$ 9,180,000</u>	<u>\$ 1,721,890</u>	<u>\$ 9,529,363</u>	<u>\$ 1,742,496</u>

Legal Debt Margin

The Illinois School Code limits the amount of indebtedness to 6.9% of \$455,489,649, which is the most recent available equalized assessed valuation of the District; therefore, the District's legal debt margin as of June 30, 2016, is \$31,428,786. At June 30, 2016 the outstanding bonded debt to which the legal debt margin applies is \$9,180,000 and applicable capital lease debt is \$349,363, leaving an available borrowing power of \$21,899,423.

Capital lease payments are liquidated out of the General Fund.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS

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

General Information about the Pension Plan

Plan Description

The employer 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.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2016, 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 \$4,989,454 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, 2016, were \$49,870, and are deferred because they were paid after the June 30, 2015 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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$51,452 were paid from federal and special trust funds that required employer contributions of \$18,553. These contributions are deferred because they were paid after the June 30, 2015 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, 2016, the employer paid \$-0- 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, 2016, the employer paid \$14,718 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.

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

At June 30, 2016, 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	\$ 1,185,733
State's proportionate share of the net pension liability associated with the District	<u>59,604,668</u>
Total	<u><u>\$ 60,790,401</u></u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was 0.001810 percent, which was an increase of 0.000141 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$5,057,878 and revenue of \$4,989,454 for support provided by the state. At June 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 441	\$ 1,300
Net difference between projected and actual earnings on pension plan investments	23,483	41,520
Changes of assumptions	16,397	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,581	72,385
Employer contributions subsequent to the measurement date	68,424	-
Total	<u>\$ 180,326</u>	<u>\$ 115,205</u>

\$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, 2017. 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,	Amount
2017	\$ (8,973)
2018	(8,973)
2019	(8,973)
2020	23,615

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	varies by amount of service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. 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 from their 2013 levels.

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%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	14%	12.33%
Total	<u>100%</u>	

Discount Rate

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 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 at June 30, 2015 was not 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. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate.

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
District's proportionate share of the net pension liability	\$ 1,465,275	\$ 1,185,733	\$ 956,501

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

B. Illinois Municipal Retirement Fund (IMRF)

Plan Description

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

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	64
Inactive Plan Members entitled to but not yet receiving benefits	80
Active Plan Members	64
Total	<u>208</u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% 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's annual contribution rate for calendar year 2015 was 11.03%. For the fiscal year ended 2016, the employer contributed \$273,128 to the plan. The employer 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 4.40% to 16.00%, including inflation.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2011 valuation according to an experience study from years 2008 to 2010.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the 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 Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Return 12/31/2015	Projected Returns/Risks	
			One Year Arithmetic	Ten Year Geometric
Equities	38%	0.02%	8.85%	7.39%
International Equities	17%	-1.90%	9.55%	7.59%
Fixed Income	27%	-0.09%	3.05%	3.00%
Real Estate	8%	11.99%	7.20%	6.00%
Alternatives	9%			
Private Equity		N/A	13.15%	8.15%
Hedge Funds		N/A	5.55%	5.25%
Commodities		N/A	4.40%	2.75%
Cash Equivalents	1%	N/A	2.25%	2.25%
Total	<u>100%</u>			

Single Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 11,843,060	\$ 11,021,995	\$ 821,065
Changes for the year:			
Service Cost	270,163	-	270,163
Interest on the Total Pension Liability	873,982	-	873,982
Differences Between Expected and Actual Experience of the Total Pension Liability	172,898	-	172,898
Changes of Assumptions	26,865	-	26,865
Contributions - Employer	-	263,556	(263,556)
Contributions - Employees	-	107,525	(107,525)
Net Investment Income	-	54,490	(54,490)
Benefit Payments, including Refunds of Employee Contributions	(618,975)	(618,975)	-
Other (Net Transfer)	-	99,505	(99,505)
Net Changes	724,933	(93,899)	818,832
Balances at December 31, 2015	\$ 12,567,993	\$ 10,928,096	\$ 1,639,897

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 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	1% Decrease 6.47%	Current Discount 7.47%	1% Increase 8.47%
Total pension liability	\$ 14,015,601	\$ 12,567,993	\$ 11,359,909
Plan fiduciary net position	10,928,096	10,928,096	10,928,096
Net pension liability	\$ 3,087,505	\$ 1,639,897	\$ 431,813

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

For the year ended June 30, 2016, the District recognized pension expense of \$273,128. At June 30, 2016, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	
Differences between expected and actual experience	\$ 123,275
Changes in assumptions	159,140
Net difference between projected and actual earnings on pension plan investments	<u>701,880</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>984,295</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>142,931</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 1,127,226</u></u>

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

Year Ending December 31,	Net Deferred Outflows of Resources
2016	\$ 411,752
2017	236,371
2018	182,853
2019	153,319
2020	-
Thereafter	<u>-</u>
Total	<u><u>\$ 984,295</u></u>

C. Aggregate Pension Amounts

For the year ended June 30, 2016, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 180,326	\$ 1,127,226	\$ 1,307,552
Net Pension Liability	1,185,733	1,639,897	2,825,630
Deferred Inflows of Resources	115,205	-	115,205
Pension Expense, Net of State Support	68,424	273,128	341,552

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

D. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$106,137, 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 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the employer paid \$79,355 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".

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – CONTINGENCIES

As of June 30, 2016 the District was not aware of any litigation which might have a material, adverse effect on the District's financial position.

NOTE 9 – 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 for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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.

NOTE 10 – 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – 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 12 – 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>
Education Account	\$ (1,034,540)	\$ -
Operations and Maintenance Fund	(150,000)	-
Debt Service Fund	-	134,540
Capital Projects Fund	-	1,050,000
Totals	<u>\$ (1,184,540)</u>	<u>\$ 1,184,540</u>

There were no inter-fund balances as of June 30, 2016.

NOTE 13 – GENERAL STATE AID EXPENDITURES FOR SPECIAL EDUCATION SERVICES

For the year ended June 30, 2016, \$2,523 of Special Education line item 1200 was paid with revenue code 3001, General State Aid.

NOTE 14 – 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, 2016, and the date of this audit report requiring disclosure in the financial statements.

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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 2016

	FY 15*	FY 14*
Employer's proportion of the net pension liability	0.001810%	0.001669%
Employer's proportionate share of the net pension liability	\$ 1,185,733	\$ 1,015,995
State's proportionate share of the net pension liability associated with the employer	<u>59,604,668</u>	<u>58,601,328</u>
Total	<u>\$ 60,790,401</u>	<u>\$ 59,617,323</u>
Employer's covered-employee payroll	\$ 9,919,360	\$ 9,669,897
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.95%	10.51%
Plan fiduciary net position as a percentage of the total pension liability	40.50%	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 2016

	FY 15*	FY 14*
Contractually-required contribution	\$ 76,086	\$ 60,695
Contributions in relation to the contractually-required contribution	<u>68,424</u>	<u>64,248</u>
Contribution deficiency (excess)	<u>\$ 7,662</u>	<u>\$ (3,553)</u>
Employer's covered-employee payroll	\$ 9,919,360	\$ 9,669,897
Contributions as a percentage of covered-employee payroll	0.767045%	0.627670%

*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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2015 AND 2014

Calendar year ending December 31,	2015	2014
Total pension liability		
Service cost	\$ 270,163	\$ 275,175
Interest on the total pension liability	873,982	793,052
Difference between expected and actual experience of the total pension liability	172,898	53,084
Changes of assumption	26,865	552,003
Benefit payments, including refunds of employee contributions	(618,975)	(533,397)
Net change in total pension liability	724,933	1,139,917
Total pension liability - beginning	11,843,060	10,703,143
Total pension liability - ending (A)	<u>\$ 12,567,993</u>	<u>\$ 11,843,060</u>
Plan fiduciary net position		
Contributions - employer	\$ 263,556	\$ 255,822
Contributions - employees	107,525	104,087
Net investment income	54,490	636,088
Benefit payments, including refunds of employee contributions	(618,975)	(533,397)
Other (net transfer)	99,505	44,980
Net change in plan fiduciary net position	(93,899)	507,580
Plan fiduciary net position - beginning	11,021,995	10,514,415
Plan fiduciary net position - ending (B)	<u>\$ 10,928,096</u>	<u>\$ 11,021,995</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ 1,639,897</u>	<u>\$ 821,065</u>
Plan fiduciary net position as a percentage of total pension liability	86.95%	93.07%
Covered valuation payroll	\$ 2,389,446	\$ 2,313,039
Net pension liability as a percentage of covered valuation payroll	68.63%	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
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 263,556	\$ 263,556	\$ -	\$ 2,389,446	11.03%
2014	255,822	255,822	-	2,313,039	11.06%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 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>	28-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, 2013, 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, 2016

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 6,434,717	\$ 3,905	\$ 6,438,622
<u>Total Assets</u>	<u>\$ 6,434,717</u>	<u>\$ 3,905</u>	<u>\$ 6,438,622</u>
LIABILITIES			
Payroll deductions payable	\$ 122,949	\$ -	\$ 122,949
<u>Total Liabilities</u>	<u>122,949</u>	<u>-</u>	<u>122,949</u>
FUND BALANCES			
Unassigned	6,311,768	3,905	6,315,673
<u>Total Fund Balances</u>	<u>6,311,768</u>	<u>3,905</u>	<u>6,315,673</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 6,434,717</u>	<u>\$ 3,905</u>	<u>\$ 6,438,622</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
REVENUES RECEIVED					
Local Sources:					
General tax levy	\$ 14,107,885	\$ 14,253,999	\$ -	\$ 14,253,999	\$ 14,000,896
Corporate replacement taxes	70,000	73,939	-	73,939	80,406
Summer school tuition from pupils or parents	1,000	850	-	850	3,000
Earnings on investments	20,000	55,300	21	55,321	32,603
Food services	140,000	158,329	-	158,329	134,831
Pupil activities	24,093	32,044	-	32,044	23,161
Textbooks	-	250,064	-	250,064	209,472
Contributions and donations	-	27,149	-	27,149	-
Refund of prior years' expenditures	30,000	24,590	-	24,590	79,753
Other	275,812	305,415	-	305,415	254,221
Total Local Sources	14,668,790	15,181,679	21	15,181,700	14,818,343
State Sources:					
General state aid	821,055	884,348	-	884,348	821,055
Special education - private facility tuition	12,121	39,041	-	39,041	37,735
Special education - funding for children	230,413	190,702	-	190,702	140,517
Special education - personnel	430,046	361,989	-	361,989	262,599
Special education - summer school	2,500	2,205	-	2,205	2,210
Bilingual education - downstate - TPI	169,662	94,007	-	94,007	54,032
State free lunch and breakfast	-	1,031	-	1,031	2,057
State on behalf payments	-	4,989,454	-	4,989,454	4,816,662
Other	56,000	7,853	-	7,853	116,297
Total State Sources	1,721,797	6,570,630	-	6,570,630	6,253,164
Federal Sources:					
National school lunch program	150,000	165,586	-	165,586	196,296
School breakfast	-	5,120	-	5,120	6,873
Commodities	-	36,762	-	36,762	29,683
Title I - Low Income	198,323	130,453	-	130,453	110,757
Special education	330,111	98,864	-	98,864	378,434
Title III - English Language Acquisition	63,956	52,389	-	52,389	46,416
Title II - Teacher Quality	29,788	29,788	-	29,788	29,997
Medicaid administrative outreach	40,000	-	-	-	40,677
Medicaid matching fee-for-service	-	12,611	-	12,611	-
Other	-	-	-	-	2,979
Total Federal Sources	812,178	531,573	-	531,573	842,112
Total Revenues Received	17,202,765	22,283,882	21	22,283,903	21,913,619

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Instruction:				
Regular Programs:				
Salaries	\$ 5,821,026	\$ 5,835,527	\$ -	\$ 5,835,527
Employee benefits	941,460	1,028,410	-	1,028,410
Employee benefits-on-behalf	-	4,989,454	-	4,989,454
Purchased services	32,260	37,501	-	37,501
Supplies and materials	331,100	336,381	-	336,381
Capital outlay	-	-	-	-
Other objects	8,415	1,120	-	1,120
Non-capitalized equipment	-	246,480	-	246,480
Total	7,134,261	12,474,873	-	12,474,873
Tuition Payments to Charter Schools:				
Purchased services	13,920	-	-	-
Total	13,920	-	-	-
Special Education Programs:				
Salaries	1,610,432	1,543,494	-	1,543,494
Employee benefits	458,105	546,960	-	546,960
Purchased services	26,500	12,830	-	12,830
Supplies and materials	31,500	22,943	-	22,943
Capital outlay	20,000	17,301	-	17,301
Other objects	1,000	130	-	130
Non-capitalized equipment	-	515	-	515
Total	2,147,537	2,144,173	-	2,144,173
Special Education Programs Pre K:				
Salaries	202,689	182,890	-	182,890
Employee benefits	47,130	46,407	-	46,407
Supplies and materials	11,500	7,144	-	7,144
Capital outlay	10,000	1,777	-	1,777
Total	271,319	238,218	-	238,218
Educationally Deprived/Remedial Programs:				
Salaries	68,559	79,449	-	79,449
Employee benefits	1,620	116	-	116
Purchased services	45,000	59,034	-	59,034
Supplies and materials	-	-	-	-
Total	115,179	138,599	-	138,599

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Instruction:				
CTE Programs:				
Salaries	\$ 92,435	\$ 92,129	\$ -	\$ 92,129
Employee benefits	460	487	-	487
Purchased services	4,800	703	-	703
Supplies and materials	15,500	9,502	-	9,502
Capital outlay	3,000	-	-	-
Non-capitalized equipment	-	-	-	-
Total	116,195	102,821	-	102,821
Interscholastic Programs:				
Salaries	116,188	93,194	-	93,194
Employee benefits	-	-	-	-
Purchased services	5,200	5,765	-	5,765
Supplies and materials	7,000	258	-	258
Other	2,950	1,925	-	1,925
Total	131,338	101,142	-	101,142
Summer School:				
Salaries	111,034	79,148	-	79,148
Employee benefits	-	1,631	-	1,631
Purchased services	7,000	1,403	-	1,403
Supplies and materials	1,500	292	-	292
Total	119,534	82,474	-	82,474
Bilingual:				
Salaries	556,684	418,548	-	418,548
Employee benefits	47,005	64,700	-	64,700
Purchased services	-	480	-	480
Supplies and materials	11,000	769	-	769
Total	614,689	484,497	-	484,497
Special Education Programs Private Tuition:				
Other	175,000	83,236	-	83,236
Total	175,000	83,236	-	83,236
Total Instruction	10,838,972	15,850,033	-	15,850,033

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Attendance and Social Work Services:				
Salaries	\$ 265,063	\$ 287,912	\$ -	\$ 287,912
Employee benefits	23,137	27,542	-	27,542
Purchased services	34,000	3,900	-	3,900
Supplies and materials	3,000	1,894	-	1,894
Other	200	-	-	-
Total	325,400	321,248	-	321,248
Health Services:				
Salaries	382,518	413,537	-	413,537
Employee benefits	87,516	109,482	-	109,482
Purchased services	2,350	1,147	-	1,147
Supplies and materials	19,250	9,027	-	9,027
Other	300	18	-	18
Total	491,934	533,211	-	533,211
Psychological Services:				
Salaries	190,426	180,693	-	180,693
Benefits	35,437	39,664	-	39,664
Purchased services	4,550	22,682	-	22,682
Supplies and Materials	1,500	174	-	174
Other	150	-	-	-
Total	232,063	243,213	-	243,213
Speech Pathology & Audiology Services:				
Salaries	348,528	374,256	-	374,256
Employee benefits	36,818	41,280	-	41,280
Purchased services	1,978	464	-	464
Supplies and materials	19,250	4,281	-	4,281
Other	350	-	-	-
Total	406,924	420,281	-	420,281
Other Support Services:				
Salaries	2,254	2,322	-	2,322
Employee benefits	-	-	-	-
Purchased services	32,000	56,125	-	56,125
Total	34,254	58,447	-	58,447

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Improvement of Instruction:				
Salaries	\$ 180,641	\$ 184,070	\$ -	\$ 184,070
Employee benefits	37,106	86,236	-	86,236
Purchased services	15,500	16,676	-	16,676
Supplies and materials	4,500	495	-	495
Other	2,000	1,106	-	1,106
Total	239,747	288,583	-	288,583
Education Media Services:				
Salaries	698,570	699,137	-	699,137
Employee benefits	133,328	204,697	-	204,697
Purchased services	64,100	92,299	-	92,299
Supplies and materials	108,125	146,539	-	146,539
Capital outlay	95,000	11,120	-	11,120
Other	1,000	342	-	342
Non-capitalized equipment	-	66,692	-	66,692
Total	1,100,123	1,220,826	-	1,220,826
Assessment and Testing:				
Salaries	1,200	12,342	-	12,342
Purchased services	25,000	30,353	-	30,353
Total	26,200	42,695	-	42,695
Board of Education:				
Purchased services	27,500	33,993	-	33,993
Supplies and materials	3,000	8,857	-	8,857
Other objects	8,000	16,382	-	16,382
Total	38,500	59,232	-	59,232
Executive Administration:				
Salaries	208,615	218,034	-	218,034
Employee benefits	51,503	75,152	-	75,152
Purchased services	4,400	2,348	-	2,348
Supplies and materials	4,500	5,479	-	5,479
Capital outlay	-	1,899	-	1,899
Other objects	7,800	7,834	-	7,834
Total	276,818	310,746	-	310,746

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Tort Services:				
Purchased services	\$ 75,000	\$ 67,944	\$ -	\$ 67,944
Total	75,000	67,944	-	67,944
Office of the Principal:				
Salaries	823,052	814,621	-	814,621
Employee benefits	186,475	302,501	-	302,501
Purchased services	11,500	7,837	-	7,837
Supplies and materials	-	497	-	497
Other	5,000	4,233	-	4,233
Total	1,026,027	1,129,689	-	1,129,689
Director of Business Services:				
Salaries	118,000	120,865	-	120,865
Employee benefits	14,444	17,028	-	17,028
Purchased services	2,000	862	-	862
Other	1,000	960	-	960
Total	135,444	139,715	-	139,715
Fiscal Services:				
Salaries	94,100	99,733	-	99,733
Employee benefits	26,586	84,512	-	84,512
Purchased services	27,000	20,415	-	20,415
Supplies and materials	3,500	2,117	-	2,117
Capital outlay	-	1,899	-	1,899
Non-capitalized equipment	2,500	-	-	-
Total	153,686	208,676	-	208,676
Operation and Maintenance of Plant Services:				
Salaries	-	-	-	-
Total	-	-	-	-

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Food Services:				
Salaries	\$ 61,000	\$ 64,379	\$ -	\$ 64,379
Employee benefits	-	-	-	49
Purchased services	317,250	324,593	-	332,421
Supplies and materials	3,500	37,406	-	30,026
Capital outlay	5,000	8,574	-	2,108
Other	-	600	-	-
Total	386,750	435,552	-	420,184
Internal Services:				
Purchased services	30,745	30,817	-	27,742
Supplies and materials	-	-	-	2,878
Total	30,745	30,817	-	30,620
Support Services:				
Planning, Research, Development & Evaluation Services:				
Purchased services	25,000	25,000	-	25,000
Total	25,000	25,000	-	25,000
Information Services:				
Purchased services	102,550	97,477	-	124,450
Supplies and materials	-	814	-	-
Total	102,550	98,291	-	124,450
Staff Services:				
Salaries	64,951	67,176	-	62,547
Employee benefits	14,788	23,729	-	11,269
Purchased services	18,600	16,629	-	16,429
Supplies and materials	13,000	2,644	-	10,117
Other	400	-	-	-
Total	111,739	110,178	-	100,362
Data Processing:				
Purchased services	30,000	34,641	-	119,585
Supplies and materials	1,000	281	-	7,428
Capital outlay	-	-	-	227,757
Total	31,000	34,922	-	354,770

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Other Support Services:				
Salaries	\$ 750	\$ 200	\$ -	\$ 200
Purchased services	4,500	12,090	-	12,090
Supplies and materials	350	-	-	-
Total	5,600	12,290	-	12,290
Total Support Services	5,255,504	5,791,556	-	5,791,556
Community Services:				
Salaries	153,000	107,843	-	107,843
Employee benefits	7,364	17,804	-	17,804
Purchased services	2,725	2,269	-	2,269
Supplies and materials	14,500	3,722	-	3,722
Total Community Services	177,589	131,638	-	131,638
Payments to Other Districts and Governmental Units:				
Purchased services	200,772	252,430	-	252,430
Tuition	556,058	404,610	-	404,610
Total Payments to Other Districts and Governmental Units	756,830	657,040	-	657,040
Total Expenditures Disbursed	17,028,895	22,430,267	-	22,430,267
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	173,870	(146,385)	21	(146,364)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,034,540)	-	(1,034,540)
Capital lease	-	246,480	-	246,480
Total Other Financing Sources (Uses)	-	(788,060)	-	(788,060)
NET CHANGE IN FUND BALANCE	\$ 173,870	(934,445)	21	(934,424)
FUND BALANCE, BEGINNING OF YEAR		7,246,213	3,884	7,250,097
FUND BALANCE, END OF YEAR		\$ 6,311,768	\$ 3,905	\$ 6,315,673

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 14,107,885	\$ 14,253,999	\$ 14,000,896
Corporate replacement taxes	70,000	73,939	80,406
Summer school tuition from pupils or parents	1,000	850	3,000
Earnings on investments	20,000	55,300	32,591
Food services	140,000	158,329	134,831
Fees	24,093	32,044	23,161
Textbooks	-	250,064	209,472
Contributions and donations	-	27,149	-
Refund of prior years' expenditures	30,000	24,590	79,753
Other	275,812	305,415	254,221
Total Local Sources	14,668,790	15,181,679	14,818,331
State Sources:			
General state aid	821,055	884,348	821,055
Special education - private facility tuition	12,121	39,041	37,735
Special education - funding for children	230,413	190,702	140,517
Special education - personnel	430,046	361,989	262,599
Special education - summer school	2,500	2,205	2,210
Bilingual education - downstate - TPI	169,662	94,007	54,032
State free lunch and breakfast	-	1,031	2,057
State on behalf payments	-	4,989,454	4,816,662
Other	56,000	7,853	116,297
Total State Sources	1,721,797	6,570,630	6,253,164
Federal Sources:			
National school lunch program	150,000	165,586	196,296
School breakfast	-	5,120	6,873
Commodities	-	36,762	29,683
Title I - Low Income	198,323	130,453	110,757
Special education I.D.E.A. Pre School	20,944	5,406	13,441
Special education I.D.E.A. Flow Through	309,167	43,104	256,794
Special education I.D.E.A. Room & Board	-	50,354	108,199
Title III - English Language Acquisition	63,956	52,389	46,416
Title II - Teacher Quality	29,788	29,788	29,997
Medicaid administrative outreach	40,000	-	40,677
Medicaid matching fee-for-service	-	12,611	-
Other	-	-	2,979
Total Federal Sources	812,178	531,573	842,112
Total Revenues Received	17,202,765	22,283,882	21,913,607

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,821,026	\$ 5,835,527	\$ 5,603,412
Employee benefits	941,460	1,028,410	1,116,793
Employee benefits-on-behalf	-	4,989,454	4,816,662
Purchased services	32,260	37,501	57,283
Supplies and materials	331,100	336,381	236,951
Capital outlay	-	-	5,516
Other objects	8,415	1,120	1,959
Non-capitalized equipment	-	246,480	-
Total	7,134,261	12,474,873	11,838,576
Tuition Payments to Charter Schools:			
Purchased services	13,920	-	-
Total	13,920	-	-
Special Education Programs:			
Salaries	1,610,432	1,543,494	1,550,446
Employee benefits	458,105	546,960	499,218
Purchased services	26,500	12,830	17,229
Supplies and materials	31,500	22,943	34,231
Capital outlay	20,000	17,301	10,469
Other objects	1,000	130	130
Non-capitalized equipment	-	515	-
Total	2,147,537	2,144,173	2,111,723
Special Education Programs Pre K:			
Salaries	202,689	182,890	186,957
Employee benefits	47,130	46,407	55,665
Supplies and materials	11,500	7,144	11,344
Capital outlay	10,000	1,777	-
Total	271,319	238,218	253,966
Educationally Deprived/Remedial Programs:			
Salaries	68,559	79,449	79,634
Employee benefits	1,620	116	9
Purchased services	45,000	59,034	15,700
Supplies and materials	-	-	14,999
Total	115,179	138,599	110,342

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
CTE Programs:			
Salaries	\$ 92,435	\$ 92,129	\$ 87,431
Employee benefits	460	487	2,978
Purchased services	4,800	703	3,410
Supplies and materials	15,500	9,502	25,004
Capital outlay	3,000	-	8,721
Non-capitalized equipment	-	-	759
Total	116,195	102,821	128,303
Interscholastic Programs:			
Salaries	116,188	93,194	112,826
Employee benefits	-	-	165
Purchased services	5,200	5,765	4,346
Supplies and materials	7,000	258	619
Other	2,950	1,925	2,955
Total	131,338	101,142	120,911
Summer School:			
Salaries	111,034	79,148	36,570
Employee benefits	-	1,631	-
Purchased services	7,000	1,403	7,794
Supplies and materials	1,500	292	533
Total	119,534	82,474	44,897
Bilingual:			
Salaries	556,684	418,548	435,078
Employee benefits	47,005	64,700	66,972
Purchased services	-	480	360
Supplies and materials	11,000	769	27,839
Total	614,689	484,497	530,249
Special Education Private Tuition:			
Other	175,000	83,236	219,691
Total	175,000	83,236	219,691
Total Instruction	10,838,972	15,850,033	15,358,658

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 265,063	\$ 287,912	\$ 268,665
Employee benefits	23,137	27,542	35,898
Purchased services	34,000	3,900	23,575
Supplies and materials	3,000	1,894	7,303
Other	200	-	94
Total	325,400	321,248	335,535
Health Services:			
Salaries	382,518	413,537	291,256
Employee benefits	87,516	109,482	83,061
Purchased services	2,350	1,147	709
Supplies and materials	19,250	9,027	5,367
Other	300	18	-
Total	491,934	533,211	380,393
Psychological Services:			
Salaries	190,426	180,693	183,102
Benefits	35,437	39,664	41,507
Purchased services	4,550	22,682	2,113
Supplies and Materials	1,500	174	308
Other	150	-	-
Total	232,063	243,213	227,030
Speech Pathology & Audiology Services:			
Salaries	348,528	374,256	327,327
Employee benefits	36,818	41,280	43,129
Purchased services	1,978	464	299
Supplies and materials	19,250	4,281	587
Other	350	-	-
Total	406,924	420,281	371,342
Other Support Services:			
Salaries	2,254	2,322	2,254
Employee benefits	-	-	3
Purchased services	32,000	56,125	38,875
Total	34,254	58,447	41,132

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Improvement of Instruction:			
Salaries	\$ 180,641	\$ 184,070	\$ 184,314
Employee benefits	37,106	86,236	37,826
Purchased services	15,500	16,676	15,510
Supplies and materials	4,500	495	2,208
Other	2,000	1,106	1,419
Total	239,747	288,583	241,277
Education Media Services:			
Salaries	698,570	699,137	621,867
Employee benefits	133,328	204,697	140,759
Purchased services	64,100	92,299	72,974
Supplies and materials	108,125	146,539	225,586
Capital outlay	95,000	11,120	183,661
Other	1,000	342	109
Non-capitalized equipment	-	66,692	581
Total	1,100,123	1,220,826	1,245,537
Assessment and Testing:			
Salaries	1,200	12,342	15,467
Supplies and materials	25,000	30,353	27,738
Total	26,200	42,695	43,205
Board of Education:			
Purchased services	27,500	33,993	39,557
Supplies and materials	3,000	8,857	5,999
Other objects	8,000	16,382	8,939
Total	38,500	59,232	54,495
Executive Administration:			
Salaries	208,615	218,034	218,738
Employee benefits	51,503	75,152	49,332
Purchased services	4,400	2,348	2,502
Supplies and materials	4,500	5,479	5,343
Capital outlay	-	1,899	-
Other objects	7,800	7,834	4,156
Total	276,818	310,746	280,071

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Tort Services:			
Purchased services	\$ 75,000	\$ 67,944	\$ 41,731
Total	75,000	67,944	41,731
Office of the Principal:			
Salaries	823,052	814,621	814,806
Employee benefits	186,475	302,501	207,210
Purchased services	11,500	7,837	6,956
Supplies and materials	-	497	15
Other	5,000	4,233	2,284
Total	1,026,027	1,129,689	1,031,271
Director of Business Services:			
Salaries	118,000	120,865	124,147
Employee benefits	14,444	17,028	34,921
Purchased services	2,000	862	2,624
Other	1,000	960	1,315
Total	135,444	139,715	163,007
Fiscal Services:			
Salaries	94,100	99,733	113,881
Employee benefits	26,586	84,512	28,707
Purchased services	27,000	20,415	14,386
Supplies and materials	3,500	2,117	5,976
Capital outlay	-	1,899	-
Non-capitalized equipment	2,500	-	727
Total	153,686	208,676	163,677
Operation and Maintenance of Plant Services:			
Salaries	-	-	844
Total	-	-	844

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Food Services:			
Salaries	\$ 61,000	\$ 64,379	\$ 55,580
Employee benefits	-	-	49
Purchased services	317,250	324,593	332,421
Supplies and materials	3,500	37,406	30,026
Capital outlay	5,000	8,574	2,108
Other	-	600	-
Total	386,750	435,552	420,184
Internal Services:			
Purchased services	30,745	30,817	27,742
Supplies and materials	-	-	2,878
Total	30,745	30,817	30,620
Planning, Research, Development & Evaluation Services:			
Purchased services	25,000	25,000	25,000
Total	25,000	25,000	25,000
Information Services:			
Purchased services	102,550	97,477	124,450
Supplies and materials	-	814	-
Total	102,550	98,291	124,450
Staff Services:			
Salaries	64,951	67,176	62,547
Employee benefits	14,788	23,729	11,269
Purchased services	18,600	16,629	16,429
Supplies and materials	13,000	2,644	10,117
Other	400	-	-
Total	111,739	110,178	100,362

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Data Processing:			
Purchased services	\$ 30,000	\$ 34,641	\$ 119,585
Supplies and materials	1,000	281	7,428
Capital outlay	-	-	227,757
Total	31,000	34,922	354,770
Other Support Services:			
Salaries	750	200	105
Purchased services	4,500	12,090	4,135
Supplies and materials	350	-	377
Total	5,600	12,290	4,617
Total Support Services	5,255,504	5,791,556	5,680,550
Community Services:			
Salaries	153,000	107,843	116,616
Employee benefits	7,364	17,804	7,410
Purchased services	2,725	2,269	2,225
Supplies and materials	14,500	3,722	29,610
Total Community Services	177,589	131,638	155,861
Payments to Other Districts and Governmental Units:			
Purchased services	200,772	252,430	379,513
Tuition	556,058	404,610	397,733
Total Payments to Other Districts and Governmental Units	756,830	657,040	777,246
Total Expenditures Disbursed	17,028,895	22,430,267	21,972,315
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	173,870	(146,385)	(58,708)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(1,034,540)	(864,370)
Capital lease	-	246,480	227,757
Total Other Financing (Uses)	-	(788,060)	(636,613)

(Continued)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
NET CHANGE IN FUND BALANCE	<u>\$ 173,870</u>	\$ (934,445)	\$ (695,321)
FUND BALANCE, BEGINNING OF YEAR		<u>7,246,213</u>	<u>7,941,534</u>
FUND BALANCE, END OF YEAR		<u>\$ 6,311,768</u>	<u>\$ 7,246,213</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, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2016</u>		<u>2015</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 12</u>
Total Local Sources	<u>-</u>	<u>21</u>	<u>12</u>
Total Revenues Received	<u>-</u>	<u>21</u>	<u>12</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u>21</u>	<u>12</u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,884</u>	<u>3,872</u>
FUND BALANCE, END OF YEAR		<u><u>\$ 3,905</u></u>	<u><u>\$ 3,884</u></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, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,324,128	\$ 1,334,486	\$ 1,332,492
Earnings on investments	2,000	4,390	2,781
Rentals	35,000	33,212	43,652
Contributions and donations	4,600	-	-
Payments from other districts	20,000	27,468	24,292
Other	-	-	13,943
Total Local Sources	1,385,728	1,399,556	1,417,160
Federal Sources:			
Other grants	37,875	-	-
Total Revenues Received	1,423,603	1,399,556	1,417,160
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Service:			
Salaries	706,420	694,885	712,796
Benefits	130,412	111,922	127,957
Purchased services	294,375	307,353	323,793
Supplies and materials	215,500	204,140	232,040
Capital outlay	126,000	139,463	105,673
Other objects	1,200	-	1,100
Non-capitalized equipment	-	338	2,604
Total Support Services	1,473,907	1,458,101	1,505,963
Total Expenditures Disbursed	1,473,907	1,458,101	1,505,963
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(50,304)	(58,545)	(88,803)
OTHER FINANCING SOURCES (USES)			
Proceeds on disposition of assets	-	37,750	-
Transfers out	-	(150,000)	(160,000)
Total Other Financing Sources (Uses)	-	(112,250)	(160,000)
NET CHANGE IN FUND BALANCE	\$ (50,304)	(170,795)	(248,803)
FUND BALANCE, BEGINNING OF YEAR		744,653	993,456
FUND BALANCE, END OF YEAR		\$ 573,858	\$ 744,653

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, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,147,338	\$ 1,179,503	\$ 1,139,299
Earnings on investments	1,000	1,960	1,843
Total Local Sources	1,148,338	1,181,463	1,141,142
Total Revenues Received	1,148,338	1,181,463	1,141,142
EXPENDITURES DISBURSED			
Debt Service:			
Principal	934,540	884,874	826,015
Interest	354,013	375,079	428,516
Bond issuance costs	-	950	950
Total Debt Service	1,288,553	1,260,903	1,255,481
Total Expenditures Disbursed	1,288,553	1,260,903	1,255,481
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(140,215)	(79,440)	(114,339)
OTHER FINANCING SOURCES			
Transfers in	-	134,540	64,370
Total Other Financing Sources	-	134,540	64,370
NET CHANGE IN FUND BALANCE	\$ (140,215)	55,100	(49,969)
FUND BALANCE, BEGINNING OF YEAR		359,187	409,156
FUND BALANCE, END OF YEAR		\$ 414,287	\$ 359,187

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 792,402	\$ 812,120	\$ 790,406
Earnings on investments	1,000	3,935	2,310
Other revenue	-	4,716	3,196
Total Local Sources	793,402	820,771	795,912
State Sources:			
Transportation aid - regular	180,000	201,324	184,740
Transportation aid - special education	160,000	181,838	162,051
Total State Sources	340,000	383,162	346,791
Total Revenues Received	1,133,402	1,203,933	1,142,703
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	33,539	22,273	21,966
Benefits	-	-	36
Purchased services	979,276	952,786	935,778
Supplies and materials	125,000	53,739	79,519
Other Support Services:			
Purchased services	10,000	-	1,783
Total Support Services	1,147,815	1,028,798	1,039,082
Payments to Other Districts and Governmental Units:			
Purchased services	100,000	126,000	97,642
Total Expenditures Disbursed	1,247,815	1,154,798	1,136,724
NET CHANGE IN FUND BALANCE	\$ (114,413)	49,135	5,979
FUND BALANCE, BEGINNING OF YEAR		551,965	545,986
FUND BALANCE, END OF YEAR		\$ 601,100	\$ 551,965

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 303,074	\$ 310,171	\$ 310,803
FICA/Medicare levy	303,074	310,171	310,447
Corporate replacement taxes	1,000	1,000	1,000
Earnings on investments	300	1,184	1,052
Other	-	-	476
Total Local Sources	607,448	622,526	623,778
Total Revenues Received	607,448	622,526	623,778
EXPENDITURES DISBURSED			
Instruction - Employee benefits	657,778	246,517	235,347
Support Services - Employee benefits	-	354,563	340,094
Community Services - Employee benefits	-	12,583	13,890
Total Expenditures Disbursed	657,778	613,663	589,331
NET CHANGE IN FUND BALANCE	<u>\$ (50,330)</u>	8,863	34,447
FUND BALANCE, BEGINNING OF YEAR		175,062	140,615
FUND BALANCE, END OF YEAR		<u>\$ 183,925</u>	<u>\$ 175,062</u>

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ -	\$ 436	\$ 6,431
Contributions and donations	159,000	43,608	-
Other	-	-	20,179
Total Local Sources	159,000	44,044	26,610
Federal Sources:			
Energy efficiency program	-	-	187,890
Total Federal Sources	-	-	187,890
Total Revenues Received	159,000	44,044	214,500
EXPENDITURES DISBURSED			
Support Services:			
Business:			
Purchased services	30,000	67,638	58,424
Capital outlay	1,864,190	2,196,942	4,424,542
Total Support Services	1,894,190	2,264,580	4,482,966
Total Expenditures Disbursed	1,894,190	2,264,580	4,482,966
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(1,735,190)	(2,220,536)	(4,268,466)
OTHER FINANCING SOURCES			
Transfers in	-	1,050,000	960,000
Total Other Financing Sources	-	1,050,000	960,000
NET CHANGE IN FUND BALANCE	\$ (1,735,190)	(1,170,536)	(3,308,466)
FUND BALANCE, BEGINNING OF YEAR		1,176,234	4,484,700
FUND BALANCE, END OF YEAR		\$ 5,698	\$ 1,176,234

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 145,655	\$ 149,188	\$ 128,943
Earnings on investments	300	19	60
Refund of prior years' expenditures	-	8,080	-
Total Local Sources	145,955	157,287	129,003
Total Revenues Received	145,955	157,287	129,003
EXPENDITURES DISBURSED			
Support Services:			
General Administration:			
Worker's compensation			
Purchased services	119,000	118,285	115,332
Unemployment insurance			
Employee benefits	15,000	-	-
Purchased services	-	340	527
General Insurance:			
Purchased services	50,000	51,968	49,962
Risk Management:			
Purchased services	-	14,000	-
Total Support Services	184,000	184,593	165,821
Total Expenditures Disbursed	184,000	184,593	165,821
NET CHANGE IN FUND BALANCE	\$ (38,045)	(27,306)	(36,818)
FUND BALANCE, BEGINNING OF YEAR		39,570	76,388
FUND BALANCE, END OF YEAR		\$ 12,264	\$ 39,570

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
ACTIVITY FUNDS
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2016
ASSETS				
Cash and investments in custody of School District	\$ 90,189	\$ 158,334	\$ 161,141	\$ 87,382
LIABILITIES				
Amount due to Activity:				
MacArthur				
Library fines	\$ 665	\$ 12	\$ -	\$ 677
Student senate	3,324	7,419	7,549	3,194
Industrial arts	3,207	-	171	3,036
Drama	8,359	2,711	732	10,338
Pom-Pon	348	2,458	2,723	83
Yearbook	7,842	11,706	8,930	10,618
Student store	1,989	108	283	1,814
Eighth grade	3,640	15,134	17,874	900
Magazine	1,453	8,375	6,154	3,674
Field trips - sixth grade	614	3,326	3,857	83
Field trips - seventh grade	2,076	5,471	5,595	1,952
Field trips - eighth grade	3,132	1,750	1,933	2,949
Soda	1,212	867	493	1,586
Home economics	5,220	336	517	5,039
Basketball	1,046	9	-	1,055
Track	4,109	4,577	5,266	3,420
Wrestling fund	(1,049)	3,638	3,693	(1,104)
Volleyball	972	1,094	1,163	903
Special projects	985	4,131	4,658	458
Physical education	3,028	1,479	1,344	3,163
Art	610	100	361	349
Charitable fund	486	1,201	650	1,037
Student teachers - stipends	188	-	-	188
Eisenhower				
Field trips	86	9,722	9,711	97
Charitable fund	137	2,108	2,108	137
Student pictures	4,212	3,353	3,861	3,704
Student council	699	-	-	699
Book fair and library books	2,233	7,951	7,729	2,455
Student teachers - stipends	130	-	-	130
Sullivan				
Field trips	2,331	4,362	4,409	2,284
Plays	3,000	2,276	2,488	2,788
Student pictures	5,775	5,203	5,404	5,574
Birthday book	719	277	80	916
Library	4,868	8,537	11,258	2,147
Charitable fund	-	1,823	1,823	-
Needy family	683	362	399	646

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2016
LIABILITIES				
Amount due to Activity: (Cont'd)				
Ross				
Field trips	\$ 437	\$ 11,455	\$ 10,290	\$ 1,602
Birthday book	627	60	-	687
Library book	4,183	9,608	10,047	3,744
Student pictures	2,322	6,257	6,265	2,314
Needy family	901	-	128	773
Pennies for patients	23	7,519	7,505	37
Recorders Grades 3-5	48	1,057	1,209	(104)
Other	2,691	423	2,068	1,046
Interest earned account	628	79	413	294
Total amount due to activity	<u>\$ 90,189</u>	<u>\$ 158,334</u>	<u>\$ 161,141</u>	<u>\$ 87,382</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

Amount of Original Issue: \$ 7,950,000
Date of Issue: 02/07/13
Type: General Obligation Limited Tax
School Bonds, Series 2013
Interest Rates 3.00 - 4.00%

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
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>\$ 7,040,000</u>	<u>\$ 1,094,600</u>	<u>\$ 8,134,600</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2016

Amount of Original Issue: \$ 2,140,000
Date of Issue: 01/28/14
Type: General Obligation Limited Tax
School Bonds, Series 2014
Interest Rates 4.00% - 4.25%

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
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>\$ 627,290</u>	<u>\$ 2,767,290</u>

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

	Year Ended June 30,		
	2016	2015	2014
Allowable Expenses	<u>\$ 18,171,817</u>	<u>\$ 17,276,105</u>	<u>\$ 15,699,115</u>
Average Daily Attendance	<u>1,439.46</u>	<u>1,407.79</u>	<u>1,375.75</u>
Per Capita Tuition Charge	<u>\$ 12,624</u>	<u>\$ 12,272</u>	<u>\$ 11,411</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO OTHER INFORMATION
JUNE 30, 2016

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

Changes of Assumptions

Amounts reported in 2015 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 salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75%.

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 9, 2015.

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 \$22,430,267 exceeded budgeted expenditures of \$17,028,895 by a difference of \$5,401,372. The District recognized, but did not budget for, revenue of \$4,989,454 in on-behalf payments to offset expenditures of \$4,989,454. After considering on-behalf revenue and expenditures, the District over-expended the budget in the Educational Fund by \$411,918.

The District over-expended its budget in the Capital Projects Fund; actual expenditures of \$2,264,580 exceeded budgeted expenditures of \$1,894,190 by a difference of \$370,390. The District finished major building improvements during the fiscal year then ended June 30, 2016.