Due to ROE on Friday, October 14th
Due to ISBE on Tuesday, November 15th
SD/JA17

[x] School District
[ ] Joint Agreement

ILLINOIS STATE BOARD OF EDUCATION
School Business Services Division
100 North First Street, Springfield, Illinois 62777-0001
217/785-8779

Illinois School District/Joint Agreement Annual Financial Report *
June 30, 2017

School District/Joint Agreement Information (See instructions on inside of this page.)	Accounting Basis:	Certified Public Accountant Information
School District/Joint Agreement Number: **05-016-0230-02**	[x] CASH	Name of Auditing Firm: **Evans, Marshall and Pease, PC**
County Name: **Cook**	[ ] ACCRUAL	Name of Audit Manager: **Jeffery M. Rollefson, CPA**
Name of School District/Joint Agreement: **Prospect Heights School District No. 23**		Address: **1875 Hicks Road**
Address: **700 Schoenbeck Road**	**Filing Status:** Submit electronic AFR directly to ISBE	City: **Rolling Meadows** State: **Illinois** Zip Code: **60008**
City: **Prospect Heights**	**Click on the Link to Submit:** Send ISBE a File	Phone Number: **847-221-5700** Fax Number: **847-221-5701**
Email Address:		IL License Number (9 digit): **060-003973** Expiration Date: **1/1/2018**
Zip Code: **60070**	0	Email Address: jeff@empcpa.com

Annual Financial Report	Single Audit Status:	
Type of Auditor's Report Issued: [x] Qualified [ ] Unqualified [ ] Adverse [ ] Disclaimer	[x] YES [ ] NO Are Federal expenditures greater than $750,000? [x] YES [ ] NO Is all Single Audit Information completed and attached? [ ] YES [x] NO Were any financial statement or federal award findings issued?	ISBE Use Only
[ ] Reviewed by District Superintendent/Administrator	[ ] Reviewed by Township Treasurer (Cook County only) Name of Township:	[ ] Reviewed by Regional Superintendent/Cook ISC
District Superintendent/Administrator Name (Type or Print):	Township Treasurer Name (type or print)	RegionalSuperintendent/Cook ISC Name (Type or Print):
Email Address:	Email Address:	Email Address:
Telephone: Fax Number:	Telephone: Fax Number:	Telephone: Fax Number:
Signature & Date:	Signature & Date:	Signature & Date:

* This form is based on 23 Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100).
ISBE Form SD50-35/JA50-60 (05/17)

This form is based on 23 Illinois Administrative Code, Subtitle A, Chapter I, Subchapter C, Part 100.
In some instances, use of open account codes (cells) may not be authorized by statute or administrative rule. Each school district or joint agreement is responsible for obtaining the concurring legal opinion and/or other s upporting authorization/documentation, as necessary, to use the applicable account code (cell).

EVANS, MARSHALL & PEASE, P.C.
SINCE 1917
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS
1875 Hicks Road
Rolling Meadows, Illinois 60008
Telephone (847) 221-5700
Facsimile (847) 221-5701

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of assets and liabilities arising from cash transactions and statement of revenues received, expenditures disbursed, other sources (uses) and changes in fund balance of Prospect Heights School District No. 23, Prospect Heights, Illinois (the "District"), as of and for the fiscal year ended June 30, 2017, 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, and with practices prescribed by the Illinois State Board of Education to demonstrate compliance with the Illinois State Board of Education's regulatory basis of accounting and budget laws. 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 Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements of Prospect Heights School District No. 23 are prepared on the basis of the financial reporting provisions of the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances

between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Prospect Heights School District No. 23, as of June 30, 2017, and the changes in its financial position for the year then ended.

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.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the omissions discussed in the "Basis for Qualified Opinion" paragraph the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of Prospect Heights School District No. 23, as of June 30, 2017, and its revenues received and expenditures disbursed during the year then ended, on the basis of the financial reporting provisions of Illinois State Board of Education 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 opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was made for the purpose of forming an opinion on the regulatory financial statements that collectively comprise the District's basic financial statements. The schedules listed in the table of contents as Supplementary Schedules, Statistical Section, Financial Profile Information, Estimated Financial Profile Summary, Estimated Indirect Cost Rate for Federal Programs, Report on Shared Services or Outsourcing, Administrative Cost Worksheet, Deficit Reduction Calculation, Itemization Schedule, Reference Page and Audit Checklist/Balancing Schedule are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules, Statistical Section, Financial Profile Information, Estimated Financial Profile Summary, Estimated Indirect Cost Rate for Federal Programs, Administrative Cost Worksheet, and Deficit Reduction Calculation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the average daily attendance figure, included in the computation of operating expense per pupil on page 28, per capita tuition on page 29, which is unaudited, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedules, Statistical Section, Financial Profile Information, Estimated Financial Profile Summary, Estimated Indirect Cost Rate for Federal Programs, Administrative Cost Worksheet and Deficit Reduction Calculation is

fairly stated, in all material respects, in relation to the basic financial statements, under the regulatory basis of accounting, as a whole.

The average daily attendance figure used on pages 28 and 29, the Report on Shared Services or Outsourcing, the Itemization Schedule, the Reference Page, and the Audit Checklist/Balancing Schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, IL
October 25, 2017

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 capital assets and the servicing of long-term debt. Governmental fund types include the following:

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/Social Security 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 it 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.

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

Municipal Retirement/ Social Security Fund	A Special Revenue Fund used to account for the District's retirement portion of pension fund contributions to the Municipal Retirement/Social Security 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 *Illinois Compiled Statutes.*

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. On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

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:

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, $668,450; Debt Service Fund, $455,535; Transportation Fund, $637,424; Municipal Retirement/Social Security Fund, $111,548; Capital Projects Fund, $5,729; and Tort Fund, $29,636, totaling $1,908,322.

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. As of June 30, 2017, 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. As of June 30, 2017, 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. As of June 30, 2017, 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. As of June 30, 2017, expenditures disbursed exceeded revenues received for social security, resulting in no restricted fund balance.

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. Assignments can take place after the reporting period.

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. Gains and losses on the sale of investments are recognized upon realization.

G. Capital Assets

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital 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. Land and construction in progress are not depreciated. The capitalization threshold for the District is $1,000.

In the fund financial statements, capital 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.

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 2016 tax levy was December 14, 2016, and the adoption date for the 2015 tax levy was December 9, 2015. 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/Social Security 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 cost. 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.

As of June 30, 2017, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. As of June 30, 2017, the fair value of all cash and investments held by the Assistant Treasurer was $311,190,997 and the fair value of the District's proportionate share of the pool was $8,370,083. The carrying amount of the District's deposits and investments total $8,021,566, which is $348,517 less than the amount reported by the Assistant Treasurer due to Imprest held by the District in the amount of $10,351 and summer payroll payments not recorded by the Assistant Treasurer in the amount of $338,166.

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

As of June 30, 2017, the carrying amount of the deposits held at the District, not including investments held by the Assistant Treasurer as described above, totaled $56,070 and the bank and investment balances totaled $56,550. Of this amount, $45,719 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) as of June 30, 2017.

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, 2017, 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.

	Levy			
Cook County	2016		2015	
Equalized Assessed Valuation:	$	548,611,244	$	455,489,649
Fund	Rates	Extensions	Rates	Extensions
Educational	2.6035	$ 14,282,932	3.1169	$ 14,197,207
Operations & Maintenance	0.2816	1,545,000	0.2940	1,339,000
Bond and Interest	0.2180	1,196,175	0.2608	1,187,860
Transportation	0.1784	978,500	0.1979	901,250
Municipal Retirement	0.0422	231,750	0.0791	360,500
Social Security	0.0422	231,750	0.0791	360,500
Tort	0.0375	206,000	0.0339	154,500
Totals	3.4034	$ 18,672,107	4.0617	$ 18,500,817

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
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	19,450,508	74,100	-	19,524,608
Land improvements	756,817	-	-	756,817
Equipment	2,025,409	95,721	42,174	2,078,956
Transportation equipment	88,962	-	-	88,962
Total capital assets, being depreciated	22,321,696	169,821	42,174	22,449,343
Less: Accumulated depreciation:				
Buildings	3,134,434	642,958	-	3,777,392
Land improvements	327,911	21,443	-	349,354
Equipment	1,422,185	121,228	41,964	1,501,449
Transportation equipment	44,705	7,995	-	52,700
Total accumulated depreciation	4,929,235	793,624	41,964	5,680,895
Total capital assets, being depreciated, net	17,392,461	(623,803)	210	16,768,448
Governmental activities capital assets	$ 17,798,399	$ (623,803)	$ 210	$ 17,174,386

Depreciation was charged to functions as follows:

Governmental Activities:	
Unallocated	$ 793,624

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Capital Leases:					
De Lage copiers	$ 185,847	$ -	$ 43,656	$ 142,191	$ 45,475
Apple iPad Air2 computers	-	163,555	55,317	108,238	53,610
(52) Apple iPad bundles	163,516	-	80,989	82,527	82,527
Sub-Total Capital Leases	349,363	163,555	179,962	332,956	181,612
General Obligation Bonds:					
02/07/13 School Bond	7,040,000	-	800,000	6,240,000	840,000
01/28/14 School Bond	2,140,000	-	-	2,140,000	-
Sub-Total Bonds	9,180,000	-	800,000	8,380,000	840,000
Total Long-Term Obligations	$ 9,529,363	$ 163,555	$ 979,962	$ 8,712,956	$ 1,021,612

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% and is payable June 15 and December 15 of each year beginning June 15, 2013. The balance due as of June 30, 2017, is $6,240,000.

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, 2017, is $2,140,000.

Capital Lease/Installment Loan Obligations

The District entered into a capital lease for the purchase of printers and copiers. The lease provides for annual principal payments on July 15 of each year with final payment due on July 15, 2019. The interest rate is 4.09% per year. The balance due as of June 30, 2017, is $142,191. The current fiscal year depreciation is $45,551 with accumulated depreciation at year-end of $136,654.

The District entered into a capital lease for the purchase of Apple iPad Air 2 equipment. The lease provides for annual principal payments on July 15 of each year with final payment due on July 15, 2018. The interest rate is 2.88% per year. The balance due as of June 30, 2017, is $108,238. On a unit basis this equipment is below the District capitalization threshold and therefore not capitalized.

The District entered into a capital lease for the purchase of Apple iPad bundles. The lease provides for annual principal payments on July 5 of each year with final payment due on July 5, 2017. The interest rate is 2.8208% per year. The balance due as of June 30, 2017, is $ 82,527. On a unit basis this equipment is below the District capitalization threshold and therefore not capitalized.

Payments to retire these various obligations will come from the general revenues of the District and paid out of the General Fund.

As of June 30, 2017, the annual cash flow requirements of all long-term debt to retirement were as follows:

Fiscal Year Ending	Capital Leases		Bonds Payable		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 181,612	$ 8,594	$ 840,000	$ 317,412	$ 1,021,612	$ 326,006
2019	101,999	4,112	885,000	287,112	986,999	291,224
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
	$ 332,956	$ 13,806	$ 8,380,000	$ 1,379,878	$ 8,712,956	$ 1,393,684

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

Legal Debt Margin

The Illinois School Code limits the amount of indebtedness to 6.9% of $548,611,244, which is the most recent available equalized assessed valuation of the District; therefore, the District's legal debt margin as of June 30, 2017, is $37,854,176. As of June 30, 2017, the outstanding bonded debt to which the legal debt margin applies is $8,380,000 and applicable capital lease debt is $332,956, leaving an available borrowing power of $29,141,220.

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

TRS issues a publicly available financial report that can be obtained at www.trsil.org; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

Benefits Provided

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

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

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

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the system up to 90% of the total actuarial liabilities of the system by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4% of creditable earnings. On July 1, 2016, the rate dropped to 9% of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, 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 $7,068,667 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were $60,288, and are deferred because they were paid after the June 30, 2016, 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, 2017, the employer pension contribution was 38.54% of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling $9,030 were paid from federal and special trust funds that required employer contributions of $3,480. These contributions are deferred because they were paid after the June 30, 2016, 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 program that ended June 30, 2016, is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid $-0- to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the employer paid $-0- to TRS for employer contributions due on salary increases in excess of 6% and $-0- for sick leave days granted in excess of the normal annual allotment.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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

As of June 30, 2017, 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	$ 1,336,513
State's proportionate share of the net pension liability associated with the District	71,977,890
Total	$ 73,314,403

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the contributions of all participating TRS employers and the state during that period. As of June 30, 2016, the employer's proportion was 0.0016931594%, which was an increase of 0.00011685 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $7,248,854 and revenue of $7,185,086 for support provided by the state. As of June 30, 2017, 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	$ 9,882	$ 906
Net difference between projected and actual earnings on pension plan investments	37,759	-
Changes of assumptions	114,787	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,367	111,167
Employer contributions subsequent to the measurement date	63,768	-
Total	$ 180,326	$ 115,205

$63,768 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 in these reporting years:

Year Ended June 30,	Amount
2018	$ 15,186
2019	15,186
2020	46,906
2021	23,901
2022	2,543

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	varies by amount of service credit
Investment rate of return	7%, 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.

For the June 30, 2016, valuation, the investment return assumption was lowered from 7.5% to 7%. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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	14.4%	6.94%
Global equity excluding U.S.	3.6%	8.09%
Aggregate bonds	14.4%	7.46%
U.S. TIPS	3.6%	10.15%
NCREIF	10.7%	2.44%
Opportunistic real estate	5.3%	1.70%
ARS	15.0%	5.44%
Risk parity	11.0%	4.28%
Diversified inflation strategy	8.0%	4.16%
Private equity	14.0%	10.63%
Total	100%	

Discount Rate

As of June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83%, which was a change from the June 30, 2015, rate of 7.47%. 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.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Based on those assumptions, TRS's fiduciary net position as of June 30, 2016, 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.

As of June 30, 2015, the discount rate used to measure the total pension liability was 7.47%. The discount rate was lower than the actuarially assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

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 6.83%, 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 (5.83%) or 1-percentage-point higher (7.83%) than the current rate.

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
District's proportionate share of the net pension liability	$ 1,634,610	$ 1,336,513	$ 1,093,047

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2016, 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).

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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.

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, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	65
Inactive plan members entitled to but not yet receiving benefits	81
Active plan members	71
Total	217

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 2016 was 11.33%. For the fiscal year ended 2017, the employer contributed $287,072 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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Price Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- 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 2014 valuation according to an experience study from years 2011 to 2013. For non-disabled retirees an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table, with adjustments to match current IMRF experience. For Disabled Retirees an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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:

		Projected Returns/Risks	
Asset Class	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	38%	8.30%	6.85%
International Equities	17%	8.45%	6.75%
Fixed Income	27%	3.05%	3.00%
Real Estate	8%	6.90%	5.75%
Alternatives	9%		
Private Equity		12.45%	7.35%
Hedge Funds		5.35%	5.25%
Commodities		4.25%	2.65%
Cash Equivalents	1%	2.25%	2.25%
Total	100%		

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D

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:

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 7.5%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.5%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	$ 12,567,993	$ 10,928,096	$ 1,639,897
Changes for the year:			
Service Cost	289,202	-	289,202
Interest on the Total Pension Liability	926,374	-	926,374
Differences Between Expected and Actual Experience of the Total Pension Liability	111,719	-	111,719
Changes of Asumptions	(42,210)	-	(42,210)
Contributions - Employer	-	287,072	(287,072)
Contributions - Employees	-	116,815	(116,815)
Net Investment Income	-	752,442	(752,442)
Benefit Payments, including Refunds			-
of Employee Contributions	(622,661)	(622,661)	-
Other (Net Transfer)	-	70,085	(70,085)
Net Changes	662,424	603,753	58,671
Balances at December 31, 2016	$ 13,230,417	$ 11,531,849	$ 1,698,568

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 7.5%, 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 (6.5%) or 1-perecentage-point higher (8.5%) than the current rate:

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Total pension liability	$ 14,737,561	$ 13,230,417	$ 11,969,245
Plan fiduciary net position	11,531,849	11,531,849	11,531,849
Net pension liability	$ 3,205,712	$ 1,698,568	$ 437,396

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

For the year ended June 30, 2017, the District recognized pension expense of $298,183. As of June 30, 2017, the District reported deferred outflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Deferred amounts to be recognized in pension expense in future periods:			
Differences between expected and actual experience	$ 117,700	$ -	$ 117,700
Changes of assumptions	7,197	26,969	(19,772)
Net difference between projected and actual earnings on pension plan investments	568,297	-	568,297
Total deferred amounts to be recognized in pension expense in future periods	693,194	26,969	666,225
Pension contributions made subsequent to the measurement date	152,592	-	152,592
Total Deferred Amounts Related to Pensions	$ 845,786	$ 26,969	$ 818,817

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
2017	$ 273,787
2018	214,484
2019	165,637
2020	12,317
2021	-
Thereafter	-
Total	$ 666,225

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

C. Aggregate Pension Amounts

For the year ended June 30, 2017, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	$ 180,326	$ 845,786	$ 1,026,112
Net Pension Liability	1,336,513	1,698,568	3,035,081
Deferred Inflows of Resources	115,205	26,969	142,174
Pension Expense, Net of State Support	63,768	298,183	361,951

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. 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% 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 1.12% of pay during the year ended June 30, 2017. State of Illinois contributions were $116,419, and the District recognized revenue and expenditures of this amount during the year.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

- *Employer Contributions to the THIS Fund*
  The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84% during the year ended June 30, 2017. For the year ended June 30, 2017, the employer paid $87,314 to the THIS Fund, which was 100% 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".

NOTE 8 – CONTINGENCIES

As of June 30, 2017, 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.

NOTE 10 – JOINT VENTURES (CONT'D)

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

B. Early Childhood Developmental Enrichment Center (ECDEC)

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

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

NOTE 11 – COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their un-invested 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, inter-fund loans which have not been authorized by School Board action.

NOTE 12 – INTERFUND TRANSFERS

The following transfer was made during the year to the Debt Service Fund to pay principal and interest on debt other than bonds:

Fund or Account	From	To
Educational Account	$ (190,206)	$ -
Debt Service Fund	-	190,206
Totals	$ (190,206)	$ 190,206

NOTE 13 – SUBSEQUENT EVENTS

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

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2017, and the date of this audit report requiring disclosure in the financial statements.

(THIS PAGE INTENTIONALLY LEFT BLANK)

TABLE OF CONTENTS

INSTRUCTIONS/REQUIREMENTS: For School Districts/Joint Agreements

All School Districts/Joint Agreements must complete this form (Note: joint agreement supplementary/statistical schedules may not be applicable)

Round all amounts to the nearest dollar. Do not enter cents. (Exception: 9 Month ADA on page 28, line 78)

This form complies with **Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing)**.

23. Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100)

Any errors left unresolved by the **Audit Checklist/Balancing Schedule** must be explained in the itemization page.

Submit AFR Electronically

* The Annual Financial Reports (AFR) must be submitted directly through the Attachment Manager to the AFR Group by the Auditor or School District designated personnel (Please see Instructions for complete submission procedures).

  Attachment Manager Link

  Note: *CD/Disk no longer accepted.*

* AFR supporting documentation must be embedded as Microsoft Word (.doc), Word Perfect (*.wpd) or Adobe (*.pdf) and inserted within tab "Opinions & Notes". These documents include: The Audit, Management letter, Opinion letters, Compliance letters, Financial notes etc.... For embedding instructions see "Opinions & Notes" tab of this form.

  Note: *In Windows 7 and above, files can be saved in Adobe Acrobat (*.pdf) and embedded even if you do not have the software. If you have problems embedding the files you may attach them as separate (.docx) in the Attachment Manager and ISBE will embedded them for you.*

Submit Paper Copy of AFR with Signatures

1) The auditor must send three **paper** copies of the AFR form (cover through page 8 at minimum) to the School District with the auditor signature.

Note: *School Districts and Regional Superintendents may prefer a complete paper copy in lieu of an electronic file. Please comply with their requests as neccessary.*

2) Upon receipt, the School District retains one copy for their records, signs, and forwards the remaining two copies to the Regional Superintendent's office no later than October 15, annually.
3) Upon receipt, the Regional Superintendent's office retains one copy for their records, signs, and forwards the remaining paper copy to ISBE no later than November 15, annually.

* Yellow Book, CPE, and Peer Review requirements must be met if the Auditor issues an opinion stating "Governmental Auditing Standards" were utilized.

  Federal Single Audit 2 CFR 200.500

Qualifications of Auditing Firm

* School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program, for the current peer review period.
* A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

AUDITOR'S QUESTIONNAIRE

INSTRUCTIONS: If your review and testing of State, Local, and Federal Programs revealed any of the following statements to be true, then check the box on the left, and attach the appropriate findings/comments.

PART A - FINDINGS

☐ 1. One or more school board members, administrators, certified school business officials, or other qualifying district employees failed to file economic interested statements pursuant to the *Illinois Government Ethics Act. [5 ILCS 420/4A-101]*

☐ 2. One or more custodians of funds failed to comply with the bonding requirements pursuant to *Illinois School Code [105 ILCS 5/8-2;10-20.19;19-6].*

☐ 3. One or more contracts were executed or purchases made contrary to the provisions *of the Illinois School Code [105 ILCS 5/10-20.21].*

☐ 4. One or more violations of the Public Funds Deposit Act or the Public Funds Investment Act were noted *[30 ILCS 225/1 et. seq. and 30 ILCS 235/1 et. seq.].*

☐ 5. Restricted funds were commingled in the accounting records or used for other than the purpose for which they were restricted.

☐ 6. One or more short-term loans or short-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.

☐ 7. One or more long-term loans or long-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.

☐ 8. Corporate Personal Property Replacement Tax monies were deposited and/or used without first satisfying the lien imposed pursuant to the *Illinois State Revenue Sharing Act [30 ILCS 115/12].*

☐ 9. One or more interfund loans were made in non-conformity with the applicable authorizing statute or without statutory authorization per *Illinois School Code [105 ILCS* 5/10-22.33, 20-4 and 20-5].

☐ 10. One or more interfund loans were outstanding beyond the term provided by statute *Illinois School Code [105 ILCS 5/10-22.33, 20-4, 20-5].*

☐ 11. One or more permanent transfers were made in non-conformity with the applicable authorizing statute/regulation or without statutory/regulatory authorization per *Illinois* School Code [105 ILCS 5/17-2A].

☐ 12. Substantial, or systematic misclassification of budgetary items such as, but not limited to, revenues, receipts, expenditures, disbursements or expenses were observed.

☐ 13. The Chart of Accounts used to define and control budget and accounting records does not conform to the minimum requirements imposed by ISBE rules pursuant to Illinois School Code *[105 ILCS 5/2-3.27; 2-3.28].*

☐ 14. At least one of the following forms was filed with ISBE late: The FY16 AFR (ISBE FORM 50-35), FY16 Annual Statement of Affairs (ISBE Form 50-37) and FY17 Budget (ISBE FORM 50-36). Explain in the comments box below in persuant to *Illinois School Code [105 ILCS 5/3-15.1; 5/10-17; 5/17-1]*.

PART B - FINANCIAL DIFFICULTIES/CERTIFICATION Criteria pursuant to the *Illinois School Code [105 ILCS 5/1A-8]*.

☐ 15. The district has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year's taxes when warrants or notes in anticipation of current year taxes are still outstanding, as authorized by Illinois School Code *[105 ILCS 5/17-16 or 34-23 through 34-27].*

☐ 16. The district has issued short-term debt against two future revenue sources, such as, but not limited to, tax anticipation warrants and General State Aid certificates or tax anticipation warrants and revenue anticipation notes.

☐ 17. The district has issued school or teacher orders for wages as permitted in Illinois School Code *[105 ILCS 5/8-16, 32-7.2 and 34-76]* or issued funding bonds for this purpose pursuant to Illinois *School Code [105 ILCS 5/8-6; 32-7.2; 34-76; and 19-8].*

☐ 18. The district has for two consecutive years shown an excess of expenditures/other uses over revenues/other sources and beginning fund balances on its annual financial report for the aggregate totals of the Educational, Operations & Maintenance, Transportation, and Working Cash Funds.

PART C - OTHER ISSUES

☐ 19. Student Activity Funds, Imprest Funds, or other funds maintained by the district were excluded from the audit.

☐ 20. Findings, other than those listed in Part A (above), were reported (e.g. student activity fund findings).

☐ 21. Federal Stimulus Funds were not maintained and expended in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009. If checked, an explanation must be provided.

X 22. Check this box if the district is subject to the Property Tax Extension Limitation Law. Effective Date: **10/1/1991** (Ex: 00/00/0000)

☐ 23. If the type of Auditor Report designated on the cover page is other than an unqualified opinion and is due to reason(s) other than solely Cash Basis Accounting, please check and explain the reason(s) in the box below.

PART D - EXPLANATION OF ACCOUNTING PRACTICES FOR LATE MANDATED CATEGORICAL PAYMENTS

(For School Districts who report on an Accrual/Modified Accrual Accounting Basis only)

School districts that report on the accrual/modified accrual basis of accounting must identify where late mandated categorical payments (Acct Codes 3100, 3105, 3110, 3500, and 3510) are recorded. Depending on the accounting procedure these amounts will be used to adjust the Direct Receipts/Revenues in calculation 1 and 2 of the Financial Profile Score.
In FY2017, identify those late payments recorded as Intergovermental Receivables, Other Recievables, or Deferred Revenue & Other Current Liabilities or Direct Receipts/Revenue. Payments should only be listed once.

24. Enter the date that the district used to accrue mandated categorical payments — Date:

25. For the listed mandated categorical (Revenue Code (3110, 3500, 3510, 3100, 3105) that were vouchered prior to June 30th, but not released until after year end as reported in ISBE FRIS system, enter the amounts that were accrued in the chart below.

Account Name	3110	3500	3510	3100	3105	Total
Deferred Revenues (490)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Direct Receipts/Revenue						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105						0
Total						0

* Revenue Code (3110-Sp Ed Personnel, 3510-Sp Ed Transportation, 3500-Regular/Vocational Transportation, 3105-Sp Ed Funding for Children Requiring Services, 3100-Sp Ed Private Facilities)

PART E - QUALIFICATIONS OF AUDITING FIRM

* School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program for the current peer review.
* A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

Comments Applicable to the Auditor's Questionnaire:

EVANS, MARSHALL & PEASE, P.C.
Name of Audit Firm (print)

The undersigned affirms that this audit was conducted by a qualified auditing firm and in accordance with the applicable standards [23 Illinois Administrative Code Part 100] and the scope of the audit conformed to the requirements of subsection (a) or (b) of 23 Illinois Administrative Code Part 100 Section 110, as applicable.

Jeffy McCollum CPA
Signature

11/1/17
mm/dd/yyyy

Page 3

FINANCIAL PROFILE INFORMATION

Required to be completed for School Districts only.

A. Tax Rates (Enter the tax rate - ex: .0150 for $1.50)

Tax Year 2016 — Equalized Assessed Valuation (EAV): 548,611,244

	Educational		Operations & Maintenance		Transportation		Combined Total	Working Cash
Rate(s):	0.026035	+	0.028160	+	0.001784	=	0.055980	0.000000

B. Results of Operations *

Receipts/Revenues	Disbursements/ Expenditures	Excess/ (Deficiency)	Fund Balance
20,091,842	20,266,986	(175,144)	7,299,680

* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 81 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.

C. Short-Term Debt **

CPPRT Notes		TAWs		TANs		TO/EMP. Orders		GSA Certificates	
0	+	0	+	0	+	0	+	0	+

Other		Total
0	=	0

** The numbers shown are the sum of entries on page 25.

D. Long-Term Debt

Check the applicable box for long-term debt allowance by type of district.

[X] a. 6.9% for elementary and high school districts, 37,854,176

[ ] b. 13.8% for unit districts.

Long-Term Debt Outstanding:

	Acct	
c. Long-Term Debt (Principal only) Outstanding:........................	511	8,712,956

E. Material Impact on Financial Position

If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods. Attach sheets as needed explaining each item checked.

- [ ] Pending Litigation
- [ ] Material Decrease in EAV
- [ ] Material Increase/Decrease in Enrollment
- [ ] Adverse Arbitration Ruling
- [ ] Passage of Referendum
- [ ] Taxes Filed Under Protest
- [ ] Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)
- [ ] Other Ongoing Concerns (Describe & Itemize)

Comments:

Page 4

ESTIMATED FINANCIAL PROFILE SUMMARY

(Go to the following website for reference to the Financial Profile)

https://www.isbe.net/Pages/School-District-Financial-Profile.aspx

District Name: Prospect Heights School District No. 23
District Code: 05-016-0230-02
County Name: Cook

1. Fund Balance to Revenue Ratio:		**Total**	**Ratio**	**Score**	4
Total Sum of Fund Balance (P8, Cells C81, D81, F81 & I81)	Funds 10, 20, 40, 70 + (50 & 80 if negative)	7,299,680.00	0.367	**Weight**	0.35
Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)	Funds 10, 20, 40, & 70,	19,901,636.00		**Value**	1.40
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74) (Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)	Minus Funds 10 & 20	(190,206.00)			
2. Expenditures to Revenue Ratio:		**Total**	**Ratio**	**Score**	3
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)	Funds 10, 20 & 40	20,266,986.00	1.018	**Adjustment**	0
Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)	Funds 10, 20, 40 & 70,	19,901,636.00		**Weight**	0.35
Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74) (Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)	Minus Funds 10 & 20	(190,206.00)			
Possible Adjustment:				**Value**	1.05
3. Days Cash on Hand:		**Total**	**Days**	**Score**	3
Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)	Funds 10, 20 40 & 70	7,419,118.00	131.78	**Weight**	0.10
Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)	Funds 10, 20, 40 divided by 360	56,297.18		**Value**	0.30
4. Percent of Short-Term Borrowing Maximum Remaining:		**Total**	**Percent**	**Score**	4
Tax Anticipation Warrants Borrowed (P25, Cell F6-7 & F11)	Funds 10, 20 & 40	0.00	100.00	**Weight**	0.10
EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)	(.85 x EAV) x Sum of Combined Tax Rates	26,104,568.82		**Value**	0.40
5. Percent of Long-Term Debt Margin Remaining:		**Total**	**Percent**	**Score**	4
Long-Term Debt Outstanding (P3, Cell H37)		8,712,956.00	76.98	**Weight**	0.10
Total Long-Term Debt Allowed (P3, Cell H31)		37,854,175.84		**Value**	0.40

Total Profile Score: 3.55 *

Estimated 2018 Financial Profile Designation: RECOGNITION

* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2017

Page 5

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	**ASSETS (Enter Whole Dollars)**	**Acct. #**	**Educational**	**Operations & Maintenance**	**Debt Services**	**Transportation**	**Municipal Retirement/Social Security**	**Capital Projects**	**Working Cash**	**Tort**	**Fire Prevention & Safety**
3	**CURRENT ASSETS (100)**										
4	Cash (Accounts 111 through 115) [1]		6,112,748	664,977	455,535	637,460	111,548	5,729	3,933	29,636	
5	Investments	120									
6	Taxes Receivable	130									
7	Interfund Receivables	140									
8	Intergovernmental Accounts Receivable	150									
9	Other Receivables	160									
10	Inventory	170									
11	Prepaid Items	180									
12	Other Current Assets (Describe & Itemize)	190									
13	**Total Current Assets**		6,112,748	664,977	455,535	637,460	111,548	5,729	3,933	29,636	0
14	**CAPITAL ASSETS (200)**										
15	Works of Art & Historical Treasures	210									
16	Land	220									
17	Building & Building Improvements	230									
18	Site Improvements & Infrastructure	240									
19	Capitalized Equipment	250									
20	Construction in Progress	260									
21	Amount Available in Debt Service Funds	340									
22	Amount to be Provided for Payment on Long-Term Debt	350									
23	**Total Capital Assets**										
24	**CURRENT LIABILITIES (400)**										
25	Interfund Payables	410									
26	Intergovernmental Accounts Payable	420									
27	Other Payables	430									
28	Contracts Payable	440									
29	Loans Payable	460									
30	Salaries & Benefits Payable	470									
31	Payroll Deductions & Withholdings	480	122,875	(3,473)		36					
32	Deferred Revenues & Other Current Liabilities	490									
33	Due to Activity Fund Organizations	493									
34	**Total Current Liabilities**		122,875	(3,473)	0	36	0	0	0	0	0
35	**LONG-TERM LIABILITIES (500)**										
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511									
37	**Total Long-Term Liabilities**										
38	Reserved Fund Balance	714		668,450	455,535	637,424	111,548	5,729		29,636	
39	Unreserved Fund Balance	730	5,989,873						3,933		
40	Investment in General Fixed Assets										
41	**Total Liabilities and Fund Balance**		6,112,748	664,977	455,535	637,460	111,548	5,729	3,933	29,636	0

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2017

Page 6

	A	B	L	M	N
1				Account Groups	
2	ASSETS (Enter Whole Dollars)	Acct. #	Agency Fund	General Fixed Assets	General Long-Term Debt
3	**CURRENT ASSETS (100)**				
4	Cash (Accounts 111 through 115) [1]		45,719		
5	Investments	120			
6	Taxes Receivable	130			
7	Interfund Receivables	140			
8	Intergovernmental Accounts Receivable	150			
9	Other Receivables	160			
10	Inventory	170			
11	Prepaid Items	180			
12	Other Current Assets (Describe & Itemize)	190			
13	**Total Current Assets**		45,719		
14	**CAPITAL ASSETS (200)**				
15	Works of Art & Historical Treasures	210			
16	Land	220		405,938	
17	Building & Building Improvements	230		19,524,608	
18	Site Improvements & Infrastructure	240		756,817	
19	Capitalized Equipment	250		2,167,918	
20	Construction in Progress	260			
21	Amount Available in Debt Service Funds	340			455,535
22	Amount to be Provided for Payment on Long-Term Debt	350			8,257,421
23	**Total Capital Assets**			22,855,281	8,712,956
24	**CURRENT LIABILITIES (400)**				
25	Interfund Payables	410			
26	Intergovernmental Accounts Payable	420			
27	Other Payables	430			
28	Contracts Payable	440			
29	Loans Payable	460			
30	Salaries & Benefits Payable	470			
31	Payroll Deductions & Withholdings	480			
32	Deferred Revenues & Other Current Liabilities	490			
33	Due to Activity Fund Organizations	493	45,719		
34	**Total Current Liabilities**		45,719		
35	**LONG-TERM LIABILITIES (500)**				
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511			8,712,956
37	**Total Long-Term Liabilities**				8,712,956
38	Reserved Fund Balance	714			
39	Unreserved Fund Balance	730			
40	Investment in General Fixed Assets			22,855,281	
41	**Total Liabilities and Fund Balance**		45,719	22,855,281	8,712,956

BASIC FINANCIAL STATEMENT
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2017

Page 7

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
3	**RECEIPTS/REVENUES**										
4	**LOCAL SOURCES**	1000	15,088,376	1,531,335	1,184,211	940,457	584,010	31	28	188,878	0
5	**FLOW-THROUGH RECEIPTS/REVENUES FROM ONE DISTRICT TO ANOTHER DISTRICT**	2000	0	0		0	0				
6	**STATE SOURCES**	3000	1,547,591	20,296	0	275,544	0	0	0	0	0
7	**FEDERAL SOURCES**	4000	688,215	0	0	0	0	0	0	0	0
8	**Total Direct Receipts/Revenues**		17,324,182	1,551,631	1,184,211	1,216,001	584,010	31	28	188,878	0
9	*Receipts/Revenues for "On Behalf" Payments* [2]	3998	7,185,086								
10	**Total Receipts/Revenues**		24,509,268	1,551,631	1,184,211	1,216,001	584,010	31	28	188,878	0
11	**DISBURSEMENTS/EXPENDITURES**										
12	**Instruction**	1000	11,043,985				274,843				
13	**Support Services**	2000	5,812,412	1,457,039		1,071,718	381,544	0		171,506	0
14	**Community Services**	3000	150,173	0		0	0				
15	**Payments to Other Districts & Govermental Units**	4000	623,700	0	0	107,959	0	0			0
16	**Debt Service**	5000	0	0	1,333,169	0	0			0	0
17	**Total Direct Disbursements/Expenditures**		17,630,270	1,457,039	1,333,169	1,179,677	656,387	0		171,506	0
18	*Disbursements/Expenditures for "On Behalf" Payments* [2]	4180	7,185,086	0	0	0	0	0		0	0
19	**Total Disbursements/Expenditures**		24,815,356	1,457,039	1,333,169	1,179,677	656,387	0		171,506	0
20	**Excess of Direct Receipts/Revenues Over (Under) Direct Disbursements/Expenditures** [3]		(306,088)	94,592	(148,958)	36,324	(72,377)	31	28	17,372	0
21	**OTHER SOURCES/USES OF FUNDS**										
22	**OTHER SOURCES OF FUNDS (7000)**										
23	**PERMANENT TRANSFER FROM VARIOUS FUNDS**										
24	Abolishment of the Working Cash Fund [12]	7110									
25	Abatement of the Working Cash Fund [12]	7110									
26	Transfer of Working Cash Fund Interest	7120									
27	Transfer Among Funds	7130									
28	Transfer of Interest	7140									
29	Transfer from Capital Project Fund to O&M Fund	7150									
30	Transfer of Excess Fire Prevention & Safety Tax and Interest Proceeds to O&M Fund [4]	7160									
31	Transfer to Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund [5]	7170									
32	**SALE OF BONDS (7200)**										
33	Principal on Bonds Sold	7210									
34	Premium on Bonds Sold	7220									
35	Accrued Interest on Bonds Sold	7230									
36	Sale or Compensation for Fixed Assets [6]	7300									
37	Transfer to Debt Service to Pay Principal on Capital Leases	7400			179,962						
38	Transfer to Debt Service to Pay Interest on Capital Leases	7500			10,244						
39	Transfer to Debt Service to Pay Principal on Revenue Bonds	7600			0						
40	Transfer to Debt Service Fund to Pay Interest on Revenue Bonds	7700			0						
41	Transfer to Capital Projects Fund	7800						0			
42	ISBE Loan Proceeds	7900									
43	Other Sources Not Classified Elsewhere	7990	174,399								
44	**Total Other Sources of Funds**		174,399	0	190,206	0	0	0	0	0	0
45	**OTHER USES OF FUNDS (8000)**										

BASIC FINANCIAL STATEMENT
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2017

Page 8

	A	B	C	D	E	F	G	H	I	J	K
1			(10)	(20)	(30)	(40)	(50)	(60)	(70)	(80)	(90)
2	Description (Enter Whole Dollars)	Acct #	Educational	Operations & Maintenance	Debt Services	Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention & Safety
46	**PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (8100)**										
47	Abolishment or Abatement of the Working Cash Fund [12]	8110							0		
48	Transfer of Working Cash Fund Interest [12]	8120							0		
49	Transfer Among Funds	8130									
50	Transfer of Interest	8140									
51	Transfer from Capital Project Fund to O&M Fund	8150						0			
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund [4]	8160									0
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund [5]	8170									0
54	Taxes Pledged to Pay Principal on Capital Leases	8410									
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420									
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430	179,962								
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440									
58	Taxes Pledged to Pay Interest on Capital Leases	8510									
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520									
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530	10,244								
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540									
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610									
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620									
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630									
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640									
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710									
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720									
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730									
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740									
70	Taxes Transferred to Pay for Capital Projects	8810									
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820									
72	Other Revenues Pledged to Pay for Capital Projects	8830									
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840									
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910									
75	Other Uses Not Classified Elsewhere	8990									
76	**Total Other Uses of Funds**		190,206	0	0	0	0	0	0	0	0
77	**Total Other Sources/Uses of Funds**		(15,807)	0	190,206	0	0	0	0	0	0
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		(321,895)	94,592	41,248	36,324	(72,377)	31	28	17,372	0
79	**Fund Balances - July 1, 2016**		6,311,768	573,858	414,287	601,100	183,925	5,698	3,905	12,264	
80	Other Changes in Fund Balances - Increases (Decreases) (Describe & Itemize)										
81	**Fund Balances - June 30, 2017**		5,989,873	668,450	455,535	637,424	111,548	5,729	3,933	29,636	0