

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

JUNE 30, 2017

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700
Facsimile (847) 221-5701

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prospect Heights School District No. 23, Prospect Heights, Illinois, (the "District") as of and for the year ended June 30, 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the effects of the omissions discussed in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Prospect Heights School District No. 23, as of June 30, 2017, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prospect Heights School District No. 23's financial statements. The Other Information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements of Prospect Heights School District No. 23. We have applied certain limited procedures to the Other Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of Prospect Heights School District No. 23's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prospect Heights School District No. 23's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

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

October 25, 2017
Rolling Meadows, Illinois
(15)

OTHER INFORMATION
Management's Discussion and Analysis

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The Management's Discussion and Analysis of Prospect Heights School District 23's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2017. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets of the District exceeded its liabilities at June 30, 2017, by \$16,363,558 (net position).
- The District's total net position decreased by \$12,283.
- The State of Illinois employer pension contributions "on-behalf" of the District are recorded for both revenue and expenditures and therefore do not affect the ending fund balance in the Educational Account.
- It should be noted that in order to comply with GASB, the Educational and Working Cash Accounts have been combined into the General Fund for purposes of the audit only. The District continues to delineate their revenue and expenditures in compliance with the Illinois State Board of Education – Illinois Program Accounting Manual for operating purposes.
- The District ended the fiscal year with expenditures exceeding revenues by approximately \$248K before other financing sources and uses in the Operating Funds. The Operating Funds are defined as the Educational Account, Operations and Maintenance, Transportation and Municipal Retirement/Social Security Funds.
- The 2016-2017 adopted budget was approved with expenditures exceeding revenues by approximately \$267K. The actual deficit of \$248K can be attributed to a combination of factors:
 - In the Educational Account, expenditures exceeding revenues before other financing sources and uses were approximately \$306K more than budgeted.
 - The District failed to receive approximately \$761K in categorical grant revenue that was approved, due and owing during the 2016-17 school year; those revenues have begun to be deposited by the State of Illinois since July 1, 2017, and are expected to be paid in full by January 1, 2018, according to the State of Illinois.

Overview of the Financial Statements

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

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

This report also contains other information that supplements the basic financial statements.

Included as revenue and expense in the Educational Account (and Total) is the annual "on-behalf" payment by the State to the Teachers' Retirement System (TRS) discussed elsewhere in this audit report. The District did not budget for the on-behalf payment in fiscal year 2016-2017. This contribution by the State is required to be shown in the financial statements, but it should be kept in mind that to get a true picture of the District's revenue, expenses and balances, this contribution must be discounted.

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

Major Features of the Government-Wide and Fund Financial Statements

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

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-Wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

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

Notes to Financial Statements:

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

Other Information:

In addition to the basic financial statements, this report also presents certain other information that supplements the basic financial statements.

District-Wide Financial Analysis

Statement of Net Position: The following provides a summary of the District's Statement of Net Position as of June 30, 2017 and 2016:

	Governmental Activities	
	2017	2016
Assets:		
Current Assets	\$ 8,021,566	\$ 8,225,768
Capital Assets (Less Depreciation)	17,174,386	17,798,399
Total Assets	25,195,952	26,024,167
Liabilities:		
Current Liabilities	119,438	118,963
Noncurrent Liabilities	8,712,956	9,529,363
Total Liabilities	8,832,394	9,648,326
Net Position:		
Net Investment in Capital Assets	8,461,430	8,269,036
Restricted	1,908,322	1,791,132
Unrestricted	5,993,806	6,315,673
Total Net Position	\$ 16,363,558	\$ 16,375,841

Total Net Position: Please note that the amounts reported for governmental activities in the audit statement are different from the summary tables above because (1) Capital assets used in governmental activities are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) Long-term liabilities, including bonds payable and capital leases are not due in the current period and therefore not reported as liabilities in the funds. The result is that the total net position for governmental activities is \$16,363,558.

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

The funds have a restricted balance as follows: Operations and Maintenance Fund, \$668,450; Transportation Fund, \$637,424; Municipal Retirement/Social Security Fund, \$111,548; Debt Service Fund, \$455,535; Capital Projects Fund, \$5,729; and the Tort Fund, \$29,636. The District's total restricted net position at the end of the fiscal year totaled \$1,908,322. There were no significant changes affecting restrictions, commitments, or other limitations to the availability of fund resources for future use.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The following is a summary of the District's change in net position for the years ended June 30, 2017 and 2016:

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for services	\$ 848,010	\$ 844,768
Operating grants	8,809,903	6,601,017
General Revenues:		
Property taxes	18,432,663	18,349,638
Personal property replacement taxes	83,244	74,939
State aid - formula grants	942,657	884,348
Unrestricted investment earnings	113,449	67,245
Other	39,960	70,757
Gain(loss) on disposition of capital assets	10,634	(41,846)
Total Revenues	29,280,520	26,850,866
Expenses:		
Instruction	18,494,316	16,077,472
Support services	8,756,487	8,722,294
Community services	163,510	144,221
Payments to other governmental units	731,659	783,040
Interest and fees on long-term debt	353,207	376,029
Depreciation (unallocated)	793,624	848,844
Total Expenditures	29,292,803	26,951,900
Change in Net Position	(12,283)	(101,034)
Net Position - Beginning	16,375,841	16,476,875
Net Position - Ending	\$ 16,363,558	\$ 16,375,841

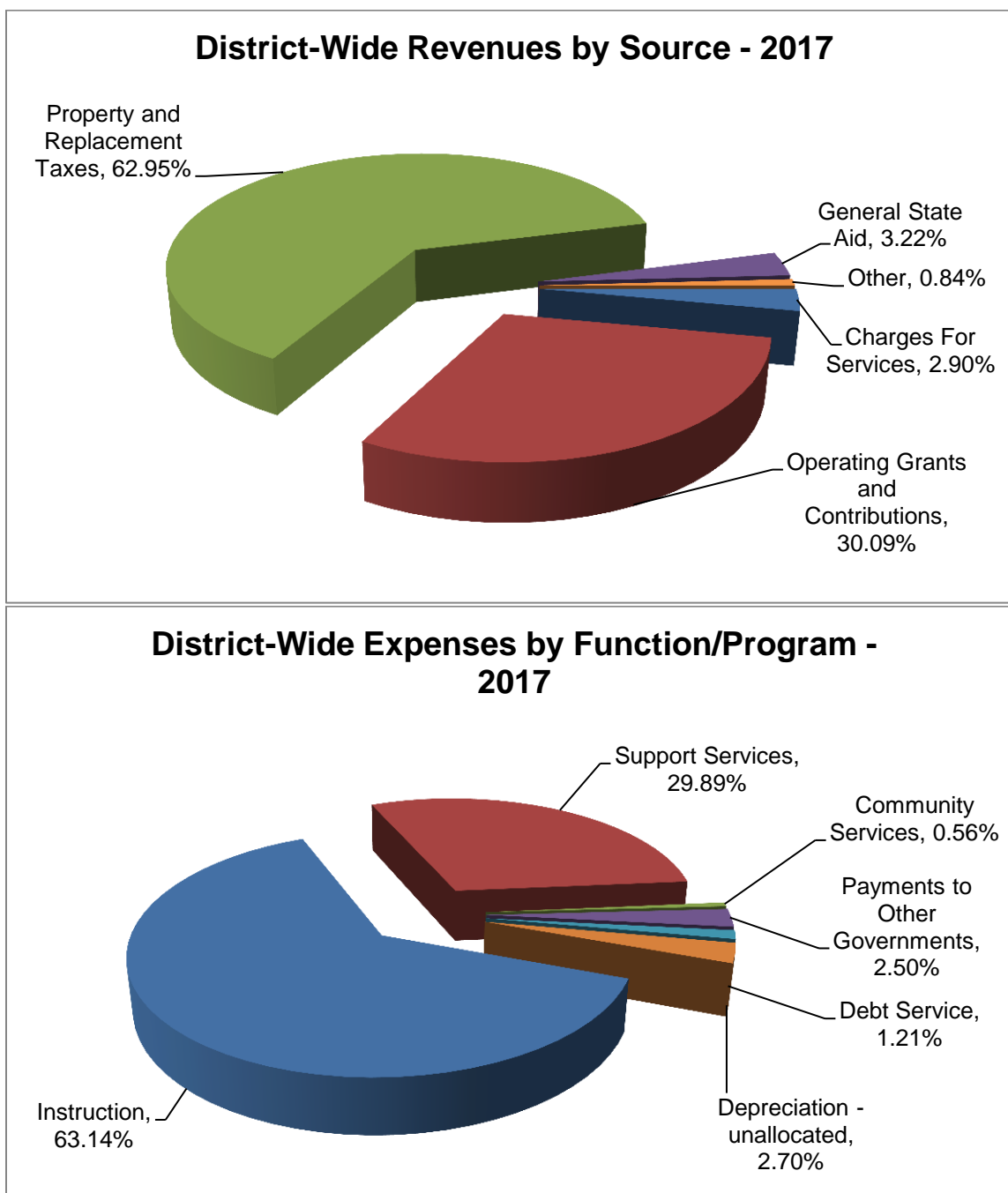
Change in Net Position: The District's combined net position decreased by \$12,283 to \$16,363,558 in fiscal year 2017.

The District's total revenues were \$29,280,520 for governmental activities. Local taxes (predominantly real estate taxes) were \$18,432,663 or 62.95% of the total. Charges for services were \$848,010 or 2.90%. State and federal funding and grants were \$8,809,903 or 30.09% of the total. General state aid was \$942,657 or 3.22%. Unrestricted investments earned \$113,449 or 0.39%. The District received net proceeds of \$10,634 on disposition of assets.

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

Total costs for all governmental programs totaled \$29,292,803. Expenditures are predominantly related to instruction, instructional support services, and maintenance of the physical plant. After eliminating the effect of the "On-behalf", expenditures remained relatively stable in comparison to the prior year. Capital leases for the purchase of computer equipment were expensed in the amount of \$163,555 to instruction, because per unit costs of the product did not reach the threshold amount to be classified as a capital asset.

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



Governmental Activities

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	2017	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 18,494,316	\$ 9,631,669
Support services	8,756,487	7,969,823
Community services	163,510	154,908
Payments to other governmental units	731,659	731,659
Debt service	353,207	353,207
Depreciation (unallocated)	793,624	793,624
Total Expenses	<u>\$ 29,292,803</u>	<u>\$ 19,634,890</u>

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,902,128. Overall, the District had a decrease in Fund Balance for the 2016-2017 Fiscal Year in the amount of \$204,677 in comparison to the previous year.

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

General Fund:

Educational Account

- Fund balance decreased by \$321,895, resulting in an ending fund balance of \$5,989,873.
- The District transferred out \$190,206 to the Debt Service Fund for payment of capital lease principal and interest.

Working Cash Account

- Fund balance increased by interest income of \$28.

Operations and Maintenance Fund

- Fund balance increased by \$94,592, resulting in an ending fund balance of \$668,450.

Capital Projects Fund

- Fund balance increased by \$31, resulting in an ending fund balance of \$5,729.

Other Funds

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

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

General Fund Budgetary Highlights

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

The General Fund over expended its budget by \$7,116,455. The reason for this over-expenditure is due to the District not budgeting for actual on-behalf payments of \$7,185,086 to the state. As noted earlier, there was also an expenditure of \$163,555 for non-capitalized equipment in the purchase of computer equipment.

Capital Asset and Debt Administration

Capital Assets:

The District invested \$169,821 in capital assets, including school buildings, technology, and equipment during the 2017 fiscal year. Total depreciation expense for the year was \$793,624, with accumulated depreciation of \$5,680,895 resulting in depreciable capital assets after depreciation of \$16,768,448.

Non-depreciable capital assets including land accounted for \$405,938 in capital assets, resulting in total capital assets on June 30, 2017, of \$17,174,386. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets (Net of Depreciation)			
Functions/Programs	2017	2016	Percentage Change
Land	\$ 405,938	\$ 405,938	0.00%
Land Improvements	407,463	428,906	-2.92%
Buildings and Improvements	15,747,216	16,316,074	10.81%
Equipment and Furniture	577,507	603,224	-17.26%
Transportation	36,262	44,257	-5.36%
Totals	<u>\$ 17,174,386</u>	<u>\$ 17,798,399</u>	<u>8.87%</u>

Long-term Debt:

At year-end, the District had \$8,712,956 in general obligation bonds and other long-term debt outstanding. The District entered into a capital lease agreement for computer equipment for \$163,555. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Outstanding Long-Term Debt			
Type of Long-Term Debt	2017	2016	Percentage Change
General Obligation Bonds	\$ 8,380,000	\$ 9,180,000	-7.65%
Capital Leases	332,956	349,363	53.39%
Totals	<u>\$ 8,712,956</u>	<u>\$ 9,529,363</u>	<u>-6.28%</u>

Factors bearing on the District's Future

The Board of Education and the Prospect Heights Education Association are beginning the third year of a four-year agreement that commenced on July 1, 2015, and expires on June 30, 2019. The contract ties starting salaries, pay raises and stipend increases to the 10-year consumer price index. The Board of Education and the Prospect Heights Education Association are committed to working together in the best interest of the student population that they serve. The Administration and the Association representatives meet regularly to discuss issues for which the parties have concern. These discussions focus on how the Administration and Association can collaborate on methods by which the educational program can be improved, determine financial solutions to staffing and supply questions which impact the District's overall finances. In addition, the Board of Education, the Administration and Association are in the second year of meetings between the reinstituted Insurance Committee for the purpose of educating the District's employees on issues concerning health care coverage and costs. The end goal of the Committee is to reach consensus on program changes that lead to financial savings for the District and program options that benefit employees with minimal financial impact on those employees as well as providing options to employees searching for alternative health care plans.

The Board of Education and the Service Employees International Union Local No. 73, representatives of the District's custodians, are in the second year of a four-year agreement which commenced July 1, 2016, and expires on June 30, 2020. This agreement has tied the salary increases for the custodian unit to the 10-year consumer price index and the aforementioned agreement with the PHEA in order to benchmark the monies spent on salaries to the expected increases in revenue to be received from property tax revenue.

The District continued its implementation of the Technology Plan, whose center-piece was the 1:1 iPad technology roll out at Mac Arthur Middle School in 2015-16. It was also expanded to Sullivan School for 2016-17. For 2017-18, the Technology Plan's expansion of devices to Eisenhower School and Ross Sullivan School on a 2:1 basis has been implemented. The District paid off the MacArthur iPad lease one year early due to increased grant funds and conservative spending by the Technology Department. This has allowed for other technology initiatives to be added without incurring additional expenses over the budgeted amounts. The District's network infrastructure and connectivity enhancements are also being accomplished largely through the use of eRate funding as planned.

The Fiscal Year 2018 proposed expenditure budget for the same funds is \$21,416,706.41. This represents an increase of \$763,521.22 OR 3.70% higher than FY 2017. However, in terms of the increased expenditures, \$401,532.82 is specifically related to the salaries and benefits paid to employees (\$175,277.18 salaries and \$226,255.64 benefits – health and dental ONLY); salaries and benefits rose by 2.863% total with overall benefits increasing by approximately 9.5%. Thus, the Fiscal Year 2018 budget comes with a zero net increase to all objects other than salaries, benefits, transportation and certain one-time expenditures during the 2017-18 school year. This salary and benefits increase represents 52.59% of the total increase in expenditures. In addition, in terms of remaining increased expenditures, \$228,342.64 is specifically related to the transportation increase due to the District's inability to continue pairing its bus routes with District 214. This transportation increase is 18.62% over FY2017 transportation costs and represents 29.63% of the total increase in expenditures. Therefore, 82.22% of the total increase in expenditures is represented in the salaries and benefits as well as the transportation costs of the District. Revenue in the District will not grow at the same pace as the expenditures, but due to receipts from Fiscal Year 2017 received after June 30, 2017, the District's finances will not appear to be over budget even though, in reality, deficit spending for the year will occur. As such, the District must remain focused on monitoring the expenditures in conjunction with the demonstrated and stated needs of the District.

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,021,566
Capital assets not being depreciated:	
Land	405,938
Capital assets, net of accumulated depreciation:	
Buildings and improvements	15,747,216
Land improvements	407,463
Transportation equipment	36,262
Equipment	<u>577,507</u>
Total Assets	<u>25,195,952</u>
LIABILITIES	
Payroll deductions payable	119,438
Non-current liabilities:	
Due within one year	1,021,612
Due in more than one year	<u>7,691,344</u>
Total Liabilities	<u>8,832,394</u>
NET POSITION	
Net investment in capital assets	8,461,430
Restricted	1,908,322
Unrestricted	<u>5,993,806</u>
Total Net Position	<u><u>\$ 16,363,558</u></u>

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/ PROGRAMS	Expenses Disbursed	Program Revenues Received			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 18,494,316	\$ 622,258	\$ 8,249,987	\$ -	\$ (9,622,071)
Support services	8,756,487	225,752	559,916	-	(7,970,819)
Community services	163,510	-	-	-	(163,510)
Payments to other districts and gov't units	731,659	-	-	-	(731,659)
Debt Service:					
Interest and other	353,207	-	-	-	(353,207)
Depreciation - unallocated	793,624	-	-	-	(793,624)
Total Governmental Activities	<u>\$ 29,292,803</u>	<u>\$ 848,010</u>	<u>\$ 8,809,903</u>	<u>\$ -</u>	<u>(19,634,890)</u>
GENERAL REVENUES RECEIVED:					
Taxes:					
Property taxes, levied for general purposes					17,250,746
Property taxes, levied for debt service					1,181,917
Personal property replacement taxes					83,244
State aid - formula grants					942,657
Impact fees					10,589
Unrestricted earnings on investments					113,449
Contributions and donations					29,371
Gain on disposition of capital assets					10,634
Total General Revenues Received					<u>19,622,607</u>
CHANGE IN NET POSITION					(12,283)
NET POSITION - JULY 1, 2016					<u>16,375,841</u>
NET POSITION - JUNE 30, 2017					<u>\$ 16,363,558</u>

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

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
ASSETS				
Cash and investments	\$ 6,116,681	\$ 664,977	\$ 455,535	\$ 637,460
Total Assets	<u>\$ 6,116,681</u>	<u>\$ 664,977</u>	<u>\$ 455,535</u>	<u>\$ 637,460</u>
LIABILITIES				
Payroll deductions payable	\$ 122,875	\$ (3,473)	\$ -	\$ 36
Total Liabilities	<u>122,875</u>	<u>(3,473)</u>	<u>-</u>	<u>36</u>
FUND BALANCES				
Restricted	-	668,450	455,535	637,424
Unassigned	<u>5,993,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,993,806</u>	<u>668,450</u>	<u>455,535</u>	<u>637,424</u>
Total Liabilities and Fund Balances	<u>\$ 6,116,681</u>	<u>\$ 664,977</u>	<u>\$ 455,535</u>	<u>\$ 637,460</u>

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

Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
<u>\$ 111,548</u>	<u>\$ 5,729</u>	<u>\$ 29,636</u>	<u>\$ 8,021,566</u>
<u><u>\$ 111,548</u></u>	<u><u>\$ 5,729</u></u>	<u><u>\$ 29,636</u></u>	<u><u>\$ 8,021,566</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,438</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>119,438</u>
<u>111,548</u>	<u>5,729</u>	<u>29,636</u>	<u>1,908,322</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,993,806</u>
<u>111,548</u>	<u>5,729</u>	<u>29,636</u>	<u>7,902,128</u>
<u><u>\$ 111,548</u></u>	<u><u>\$ 5,729</u></u>	<u><u>\$ 29,636</u></u>	<u><u>\$ 8,021,566</u></u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

Total fund balances-governmental funds (Exhibit C)	\$ 7,902,128
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Amounts reported for governmental activities in the statement of assets, liabilities and fund balances - modified cash basis are different because:

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

Cost of capital assets:		
Land	\$ 405,938	
Land improvements	756,817	
Buildings	19,524,608	
Equipment	2,078,956	
Transportation equipment	<u>88,962</u>	
Total cost of capital assets	22,855,281	
Accumulated depreciation	<u>(5,680,895)</u>	
Net capital assets		17,174,386

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

Capital leases	\$ (332,956)	
Bonds payable	<u>(8,380,000)</u>	<u>(8,712,956)</u>
Total net position - governmental activities (Exhibit A)		<u>\$ 16,363,558</u>

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

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Trans- portation Fund
REVENUES				
Local Sources:				
General tax levies	\$ 14,119,092	\$ 1,435,954	\$ 1,181,917	\$ 935,254
Personal property replacement taxes	82,244	-	-	-
Summer school tuition from pupils or parents	3,450	-	-	-
Earnings on investments	98,470	5,159	2,294	5,203
Food services	181,220	-	-	-
Pupil activities	59,911	-	-	-
Textbooks	225,378	-	-	-
Rentals	-	35,282	-	-
Contributions and donations	12,750	16,621	-	-
Refund of prior years' expenditures	7,661	100	-	-
Payments from other districts	-	27,542	-	-
Impact fees	-	10,589	-	-
Other	298,228	88	-	-
State Sources	8,732,677	20,296	-	275,544
Federal Sources	724,043	-	-	-
Total Revenues	<u>24,545,124</u>	<u>1,551,631</u>	<u>1,184,211</u>	<u>1,216,001</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs	14,618,744	-	-	-
Special education programs	2,348,192	-	-	-
Special education programs - pre-K	207,871	-	-	-
Educationally deprived/remedial programs	80,528	-	-	-
CTE programs	116,436	-	-	-
Interscholastic programs	129,099	-	-	-
Summer school programs	94,250	-	-	-
Bilingual programs	624,353	-	-	-
Support Services				
Attendance and social work services	319,210	-	-	-
Health services	554,070	-	-	-
Psychological services	265,334	-	-	-
Speech pathology/audiology services	502,978	-	-	-
Other support services - pupils	37,689	-	-	-
Improvement of instruction services	304,203	-	-	-
Educational media services	1,153,387	-	-	-
Assessment and testing services	42,707	-	-	-
Board of Education services	50,036	-	-	-
Executive administration services	288,299	-	-	-

Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ 580,724	\$ -	\$ 179,722	\$ 18,432,663
1,000	-	-	83,244
-	-	-	3,450
2,286	31	6	113,449
-	-	-	181,220
-	-	-	59,911
-	-	-	225,378
-	-	-	35,282
-	-	-	29,371
-	-	9,150	16,911
-	-	-	27,542
-	-	-	10,589
-	-	-	298,316
-	-	-	9,028,517
-	-	-	724,043
584,010	31	188,878	29,269,886

84,272	-	-	14,703,016
156,155	-	-	2,504,347
-	-	-	207,871
5,909	-	-	86,437
1,397	-	-	117,833
3,122	-	-	132,221
5,370	-	-	99,620
18,618	-	-	642,971
4,114	-	-	323,324
73,737	-	-	627,807
3,136	-	-	268,470
6,384	-	-	509,362
-	-	-	37,689
9,028	-	-	313,231
38,874	-	-	1,192,261
188	-	-	42,895
-	-	-	50,036
5,492	-	-	293,791

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Trans- portation Fund
Support services (Continued)				
Tort services	\$ 12,374	\$ -	\$ -	\$ -
Office of the principal services	1,076,103	-	-	-
Direction of business services	141,433	-	-	-
Fiscal services	173,747	-	-	-
Operations and maintenance of plant services	-	1,323,942	-	-
Pupil transportation services	-	-	-	1,071,718
Food services	556,154	-	-	-
Internal services	33,189	-	-	-
Planning, research, development and evaluation services	25,000	-	-	-
Information services	94,634	-	-	-
Staff services	153,908	-	-	-
Data processing services	33,062	-	-	-
Other support services - central	3,597	-	-	-
Community services	150,173	-	-	-
Payments to other districts and gov't units	623,700	-	-	107,959
Capital outlay	36,724	133,097	-	-
Debt Service:				
Principal	-	-	979,962	-
Interest	-	-	352,257	-
Other	-	-	950	-
Total Expenditures	<u>24,851,184</u>	<u>1,457,039</u>	<u>1,333,169</u>	<u>1,179,677</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(306,060)</u>	<u>94,592</u>	<u>(148,958)</u>	<u>36,324</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,844	-	-	-
Capital lease	163,555	-	-	-
Transfers in	-	-	190,206	-
Transfers out	<u>(190,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(15,807)</u>	<u>-</u>	<u>190,206</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(321,867)</u>	<u>94,592</u>	<u>41,248</u>	<u>36,324</u>
FUND BALANCE, JULY 1, 2016	<u>6,315,673</u>	<u>573,858</u>	<u>414,287</u>	<u>601,100</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 5,993,806</u>	<u>\$ 668,450</u>	<u>\$ 455,535</u>	<u>\$ 637,424</u>

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

Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ -	\$ -	\$ 171,506	\$ 183,880
62,451	-	-	1,138,554
1,790	-	-	143,223
19,073	-	-	192,820
124,758	-	-	1,448,700
918	-	-	1,072,636
4,801	-	-	560,955
-	-	-	33,189
-	-	-	25,000
-	-	-	94,634
13,420	-	-	167,328
-	-	-	33,062
43	-	-	3,640
13,337	-	-	163,510
-	-	-	731,659
-	-	-	169,821
-	-	-	979,962
-	-	-	352,257
-	-	-	950
656,405	-	171,506	29,648,962
(72,395)	31	17,372	(379,076)
-	-	-	10,844
-	-	-	163,555
-	-	-	190,206
-	-	-	(190,206)
-	-	-	174,399
(72,395)	31	17,372	(204,677)
183,925	5,698	12,264	8,106,805
\$ 111,530	\$ 5,729	\$ 29,636	\$ 7,902,128

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH
BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

Total net change in fund balances-governmental funds (Exhibit D) \$ (204,677)

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

Capital outlay	\$ 169,821	
Depreciation expense	<u>(793,624)</u>	
Capital outlay in excess of depreciation expense		(623,803)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses include the change in net basis of assets sold. (210)

Repayment of debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal reduces the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Principal paid on capital lease	179,962	
Principal paid on bonds	<u>800,000</u>	
Total principal paid		979,962

Proceeds from capital leases are reported as financing sources in the governmental funds, thus contributing to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Proceeds received from capital lease		<u>(163,555)</u>
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Change in net position of governmental activities (Exhibit B)		<u><u>\$ (12,283)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 45,719</u>
Total Assets	<u><u>\$ 45,719</u></u>
LIABILITIES	
Due to organizations	<u>\$ 45,719</u>
Total Liabilities	<u><u>\$ 45,719</u></u>

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

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 its funds to be classified as major as follows:

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Illinois Municipal Retirement Fund for non-certified employees.
Capital Projects Fund	The Capital Projects Fund is used to account for major construction and/or renovation of facilities.
Tort Fund	A Special Revenue Fund used to account for funds restricted to Tort Immunity expenditures in accordance with <i>Illinois Compiled Statutes</i> .

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

C. Measurement Focus/Basis of Accounting

Measurement Focus

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

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

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the basic financial statements. The District maintains its accounting records for all funds on the modified cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues received are recognized and recorded in the accounts when cash is received. In the same manner, expenditures disbursed are recognized and recorded upon the disbursement of cash. 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:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
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.

Cook County	Levy			
	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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	<u>\$ 17,798,399</u>	<u>\$ (623,803)</u>	<u>\$ 210</u>	<u>\$ 17,174,386</u>
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		<u>\$ 793,624</u>		

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	<u>\$ 9,529,363</u>	<u>\$ 163,555</u>	<u>\$ 979,962</u>	<u>\$ 8,712,956</u>	<u>\$ 1,021,612</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 June 30,	Capital Leases		Bonds Payable		Total	
	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
	<u>\$ 332,956</u>	<u>\$ 13,806</u>	<u>\$ 8,380,000</u>	<u>\$ 1,379,878</u>	<u>\$ 8,712,956</u>	<u>\$ 1,393,684</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	<u>71,977,890</u>
Total	<u><u>\$ 73,314,403</u></u>

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	<u>63,768</u>	<u>-</u>
Total	<u><u>\$ 180,326</u></u>	<u><u>\$ 115,205</u></u>

\$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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	<u>100%</u>	

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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).

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

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

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

Asset Class	Target Allocation	Projected Returns/Risks	
		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%		

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Assumptions	(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-percentage-point higher (8.5%) than the current rate:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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	<u>\$ 3,205,712</u>	<u>\$ 1,698,568</u>	<u>\$ 437,396</u>

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	<u>\$ 845,786</u>	<u>\$ 26,969</u>	<u>\$ 818,817</u>

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

Year Ending December 31,	Net Deferred Outflows of Resources
2017	\$ 273,787
2018	214,484
2019	165,637
2020	12,317
2021	-
Thereafter	-
Total	<u>\$ 666,225</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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:

<u>Fund or Account</u>	<u>From</u>	<u>To</u>
Education Account	\$ (190,206)	\$ -
Debt Service Fund	<u>-</u>	<u>190,206</u>
Totals	<u>\$ (190,206)</u>	<u>\$ 190,206</u>

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.

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OTHER INFORMATION – UNAUDITED

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

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

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

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

Combining Schedule of Assets, Liabilities and Fund Balances – Modified Cash Basis – General Fund

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis – General Fund

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Modified Cash Basis – Budget and Actual –

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

Schedule of Revenues Received and Expenditures Disbursed – Activity Funds

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

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

Schedule of Per Capita Tuition Charge and Average Daily Attendance

Notes to Other Information

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OTHER INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEAR

	<u>FY 16*</u>	<u>FY 15*</u>	<u>FY 14*</u>
Employer's proportion of the net pension liability	0.001693%	0.001810%	0.001669%
Employer's proportionate share of the net pension liability	\$ 1,336,513	\$ 1,185,733	\$ 1,015,995
State's proportionate share of the net pension liability associated with the employer	<u>71,977,890</u>	<u>59,604,668</u>	<u>58,601,328</u>
Total	<u>\$ 73,314,403</u>	<u>\$ 60,790,401</u>	<u>\$ 59,617,323</u>
Employer's covered-employee payroll	\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.47%	12.26%	10.41%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

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

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OTHER INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEAR

	FY 16*	FY 15*	FY 14*
Contractually-required contribution	\$ 63,768	\$ 76,086	\$ 60,695
Contributions in relation to the contractually-required contribution	<u>82,359</u>	<u>68,424</u>	<u>64,248</u>
Contribution deficiency (excess)	<u>\$ (18,591)</u>	<u>\$ 7,662</u>	<u>\$ (3,553)</u>
Employer's covered-employee payroll	\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
Contributions as a percentage of covered-employee payroll	0.642864%	0.786834%	0.621945%

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

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OTHER INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEAR

Calendar year ending December 31,	2016	2015	2014
Total pension liability			
Service cost	\$ 289,202	\$ 270,163	\$ 275,175
Interest on the total pension liability	926,374	873,982	793,052
Difference between expected and actual experience of the total pension liability	111,719	172,898	53,084
Changes of assumption	(42,210)	26,865	552,003
Benefit payments, including refunds of employee contributions	(622,661)	(618,975)	(533,397)
Net change in total pension liability	662,424	724,933	1,139,917
Total pension liability - beginning	12,567,993	11,843,060	10,703,143
Total pension liability - ending (A)	<u>\$ 13,230,417</u>	<u>\$ 12,567,993</u>	<u>\$ 11,843,060</u>
Plan fiduciary net position			
Contributions - employer	\$ 287,072	\$ 263,556	\$ 255,822
Contributions - employees	116,815	107,525	104,087
Net investment income	752,442	54,490	636,088
Benefit payments, including refunds of employee contributions	(622,661)	(618,975)	(533,397)
Other	70,085	99,505	44,980
Net change in plan fiduciary net position	603,753	(93,899)	507,580
Plan fiduciary net position - beginning	10,928,096	11,021,995	10,514,415
Plan fiduciary net position - ending (B)	<u>\$ 11,531,849</u>	<u>\$ 10,928,096</u>	<u>\$ 11,021,995</u>
Net pension liability - ending (A) - (B)	<u>\$ 1,698,568</u>	<u>\$ 1,639,897</u>	<u>\$ 821,065</u>
Plan fiduciary net position as a percentage of total pension liability	87.16%	86.95%	93.07%
Covered valuation payroll	\$ 2,533,735	\$ 2,389,446	\$ 2,313,039
Net pension liability as a percentage of covered valuation payroll	67.04%	68.63%	35.50%

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OTHER INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
MOST RECENT CALENDAR YEAR

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$ 287,072 *	\$ 287,072	\$ -	\$ 2,533,735	11.33%
2015	263,556	263,556	-	2,389,446	11.03%
2014	257,707	255,822	1,885	2,330,079	10.98%

Estimated based on contribution rate of 11.33% and covered valuation payroll of \$2,533,735.

Valuation Date:

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	27-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%. Approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	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-Disabled Mortality Table applying the same adjustment 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.

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation.

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
JUNE 30, 2017

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 6,112,748	\$ 3,933	\$ 6,116,681
<u>Total Assets</u>	<u>\$ 6,112,748</u>	<u>\$ 3,933</u>	<u>\$ 6,116,681</u>
LIABILITIES			
Payroll deductions payable	\$ 122,875	\$ -	\$ 122,875
<u>Total Liabilities</u>	<u>122,875</u>	<u>-</u>	<u>122,875</u>
FUND BALANCES			
Unassigned	5,989,873	3,933	5,993,806
<u>Total Fund Balances</u>	<u>5,989,873</u>	<u>3,933</u>	<u>5,993,806</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 6,112,748</u>	<u>\$ 3,933</u>	<u>\$ 6,116,681</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23

GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

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

	2017			2016	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
REVENUES RECEIVED					
Local Sources:					
General tax levy	\$ 14,510,176	\$14,119,092	\$ -	\$ 14,119,092	\$ 14,253,999
Personal property replacement taxes	72,500	82,244	-	82,244	73,939
Summer school tuition from pupils or parents	750	3,450	-	3,450	850
Earnings on investments	32,515	98,442	28	98,470	55,321
Food services	175,000	181,220	-	181,220	158,329
Pupil activities	67,855	59,911	-	59,911	32,044
Textbooks	236,450	225,378	-	225,378	250,064
Contributions and donations	-	12,750	-	12,750	27,149
Refund of prior years' expenditures	25,000	7,661	-	7,661	24,590
Other	285,000	298,228	-	298,228	305,415
Total Local Sources	15,405,246	15,088,376	28	15,088,404	15,181,700
State Sources:					
General state aid	942,000	942,657	-	942,657	884,348
Special education - private facility tuition	11,514	18,742	-	18,742	39,041
Special education - funding for children	140,000	148,613	-	148,613	190,702
Special education - personnel	345,000	289,603	-	289,603	361,989
Special education - orphanage	-	3,469	-	3,469	-
Special education - summer school	2,200	-	-	-	2,205
Bilingual education - downstate - TPI	216,092	57,635	-	57,635	94,007
State free lunch and breakfast	1,000	950	-	950	1,031
State on-behalf payments	-	7,185,086	-	7,185,086	4,989,454
Other	36,000	85,922	-	85,922	7,853
Total State Sources	1,693,806	8,732,677	-	8,732,677	6,570,630
Federal Sources:					
National school lunch program	165,000	179,533	-	179,533	165,586
School breakfast	5,000	18,300	-	18,300	5,120
Commodities	-	35,828	-	35,828	36,762
Title I - Low Income	126,506	130,185	-	130,185	130,453
Special education	291,618	295,309	-	295,309	98,864
Title III - English Language Acquisition	45,113	35,423	-	35,423	52,389
Title II - Teacher Quality	29,224	29,465	-	29,465	29,788
Medicaid administrative outreach	20,000	-	-	-	-
Medicaid matching fee-for-service	-	-	-	-	12,611
Total Federal Sources	682,461	724,043	-	724,043	531,573
Total Revenues Received	17,781,513	24,545,096	28	24,545,124	22,283,903

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
EXPENDITURES DISBURSED					
Instruction:					
Regular Programs:					
Salaries	\$ 5,890,301	\$ 5,844,561	\$ -	\$ 5,844,561	\$ 5,835,527
Employee benefits	967,257	1,081,855	-	1,081,855	1,028,410
Employee benefits-on-behalf	-	7,185,086	-	7,185,086	4,989,454
Purchased services	32,840	35,806	-	35,806	37,501
Supplies and materials	304,550	305,536	-	305,536	336,381
Other objects	6,015	2,345	-	2,345	1,120
Non-capitalized equipment	-	163,555	-	163,555	246,480
Total	7,200,963	14,618,744	-	14,618,744	12,474,873
Tuition Payments to Charter Schools:					
Purchased services	11,775	-	-	-	-
Total	11,775	-	-	-	-
Special Education Programs:					
Salaries	1,786,135	1,774,555	-	1,774,555	1,543,494
Employee benefits	516,803	522,994	-	522,994	546,960
Purchased services	28,000	27,926	-	27,926	12,830
Supplies and materials	27,250	22,182	-	22,182	22,943
Capital outlay	20,000	9,598	-	9,598	17,301
Other objects	500	535	-	535	130
Non-capitalized equipment	-	-	-	-	515
Total	2,378,688	2,357,790	-	2,357,790	2,144,173
Special Education Programs Pre K:					
Salaries	191,300	154,949	-	154,949	182,890
Employee benefits	43,236	45,135	-	45,135	46,407
Supplies and materials	10,000	7,787	-	7,787	7,144
Capital outlay	10,000	-	-	-	1,777
Total	254,536	207,871	-	207,871	238,218
Educationally Deprived/Remedial Programs:					
Salaries	68,559	80,528	-	80,528	79,449
Employee benefits	1,620	-	-	-	116
Purchased services	45,000	-	-	-	59,034
Total	115,179	80,528	-	80,528	138,599

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
EXPENDITURES DISBURSED					
Instruction:					
CTE Programs:					
Salaries	\$ 95,354	\$ 96,867	\$ -	\$ 96,867	\$ 92,129
Employee benefits	468	11,203	-	11,203	487
Purchased services	2,500	-	-	-	703
Supplies and materials	12,500	8,366	-	8,366	9,502
Total	110,822	116,436	-	116,436	102,821
Interscholastic Programs:					
Salaries	112,250	119,716	-	119,716	93,194
Purchased services	5,700	5,740	-	5,740	5,765
Supplies and materials	1,500	1,302	-	1,302	258
Other	2,250	2,341	-	2,341	1,925
Total	121,700	129,099	-	129,099	101,142
Summer School Programs:					
Salaries	111,034	84,506	-	84,506	79,148
Employee benefits	1,689	-	-	-	1,631
Purchased services	7,000	9,345	-	9,345	1,403
Supplies and materials	1,500	399	-	399	292
Total	121,223	94,250	-	94,250	82,474
Bilingual Programs:					
Salaries	484,847	529,140	-	529,140	418,548
Employee benefits	61,724	82,765	-	82,765	64,700
Purchased services	-	7,500	-	7,500	480
Supplies and materials	1,200	4,948	-	4,948	769
Total	547,771	624,353	-	624,353	484,497
Special Education Programs Private Tuition:					
Other	100,000	-	-	-	83,236
Total	100,000	-	-	-	83,236
Total Instruction	10,962,657	18,229,071	-	18,229,071	15,850,033

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Attendance and Social Work Services:				
Salaries	\$ 257,465	\$ 262,865	\$ -	\$ 262,865
Employee benefits	26,024	28,274	-	28,274
Purchased services	25,600	26,652	-	26,652
Supplies and materials	2,725	1,419	-	1,419
Other	200	-	-	-
Total	312,014	319,210	-	319,210
Health Services:				
Salaries	481,532	402,097	-	402,097
Employee benefits	103,831	110,289	-	110,289
Purchased services	17,350	27,356	-	27,356
Supplies and materials	19,000	14,243	-	14,243
Capital outlay	11,500	6,384	-	6,384
Other	250	85	-	85
Total	633,463	560,454	-	560,454
Psychological Services:				
Salaries	224,195	224,195	-	224,195
Benefits	37,283	38,384	-	38,384
Purchased services	1,525	2,140	-	2,140
Supplies and Materials	1,750	206	-	206
Other	175	409	-	409
Total	264,928	265,334	-	265,334
Speech Pathology and Audiology Services:				
Salaries	392,838	442,645	-	442,645
Employee benefits	38,807	49,107	-	49,107
Purchased services	2,475	1,549	-	1,549
Supplies and materials	36,200	9,577	-	9,577
Other	675	100	-	100
Total	470,995	502,978	-	502,978
Other Support Services:				
Salaries	4,500	-	-	-
Purchased services	40,000	37,689	-	37,689
Total	44,500	37,689	-	37,689

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
EXPENDITURES DISBURSED					
Support Services:					
Improvement of Instruction Services:					
Salaries	\$ 186,308	\$ 223,508	\$ -	\$ 223,508	\$ 184,070
Employee benefits	84,566	57,597	-	57,597	86,236
Purchased services	20,500	18,473	-	18,473	16,676
Supplies and materials	3,000	3,430	-	3,430	495
Other	2,000	1,195	-	1,195	1,106
Total	296,374	304,203	-	304,203	288,583
Educational Media Services:					
Salaries	753,898	757,075	-	757,075	699,137
Employee benefits	196,426	132,689	-	132,689	204,697
Purchased services	80,350	61,948	-	61,948	92,299
Supplies and materials	93,125	196,159	-	196,159	146,539
Capital outlay	97,000	20,742	-	20,742	11,120
Other	1,000	719	-	719	342
Non-capitalized equipment	1,000	4,797	-	4,797	66,692
Total	1,222,799	1,174,129	-	1,174,129	1,220,826
Assessment and Testing Services:					
Salaries	10,000	12,980	-	12,980	12,342
Purchased services	25,000	29,727	-	29,727	30,353
Total	35,000	42,707	-	42,707	42,695
Board of Education Services:					
Purchased services	30,500	30,883	-	30,883	33,993
Supplies and materials	10,000	8,338	-	8,338	8,857
Other objects	8,000	10,815	-	10,815	16,382
Total	48,500	50,036	-	50,036	59,232
Executive Administration Services:					
Salaries	216,059	222,298	-	222,298	218,034
Employee benefits	72,607	48,009	-	48,009	75,152
Purchased services	3,850	2,310	-	2,310	2,348
Supplies and materials	10,000	12,825	-	12,825	5,479
Capital outlay	-	-	-	-	1,899
Other objects	7,800	2,857	-	2,857	7,834
Total	310,316	288,299	-	288,299	310,746

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

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

	2017			2016
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Tort Services:				
Purchased services	\$ 60,000	\$ 12,374	\$ -	\$ 12,374
Total	60,000	12,374	-	12,374
Office of the Principal Services:				
Salaries	836,530	840,379	-	840,379
Employee benefits	292,426	228,442	-	228,442
Purchased services	8,500	4,580	-	4,580
Supplies and materials	-	665	-	665
Other	5,750	2,037	-	2,037
Total	1,143,206	1,076,103	-	1,076,103
Direction of Business Services:				
Salaries	123,310	123,310	-	123,310
Employee benefits	16,536	15,844	-	15,844
Purchased services	2,000	1,675	-	1,675
Other	1,000	604	-	604
Total	142,846	141,433	-	141,433
Fiscal Services:				
Salaries	102,056	102,040	-	102,040
Employee benefits	82,928	43,087	-	43,087
Purchased services	25,500	26,371	-	26,371
Supplies and materials	3,000	2,249	-	2,249
Capital outlay	-	-	-	-
Non-capitalized equipment	1,250	-	-	-
Total	214,734	173,747	-	173,747
Food Services:				
Salaries	65,000	72,499	-	72,499
Purchased services	329,500	455,870	-	455,870
Supplies and materials	3,500	27,785	-	27,785
Capital outlay	5,000	-	-	-
Other	-	-	-	-
Total	403,000	556,154	-	556,154

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

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

	2017			2016
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Internal Services:				
Purchased services	\$ 35,000	\$ 31,968	\$ -	\$ 31,968
Supplies and materials	-	1,221	-	1,221
Total	35,000	33,189	-	33,189
Planning, Research, Development and Evaluation Services:				
Purchased services	25,000	25,000	-	25,000
Total	25,000	25,000	-	25,000
Information Services:				
Purchased services	100,100	93,131	-	93,131
Supplies and materials	500	1,503	-	1,503
Total	100,600	94,634	-	94,634
Staff Services:				
Salaries	67,015	77,328	-	77,328
Employee benefits	26,384	41,964	-	41,964
Purchased services	17,100	16,170	-	16,170
Supplies and materials	15,000	18,446	-	18,446
Other	300	-	-	-
Total	125,799	153,908	-	153,908
Data Processing Services:				
Purchased services	32,500	32,368	-	32,368
Supplies and materials	1,000	694	-	694
Total	33,500	33,062	-	33,062
Other Support Services - Pupils:				
Salaries	750	1,140	-	1,140
Purchased services	4,500	1,910	-	1,910
Supplies and materials	350	547	-	547
Total	5,600	3,597	-	3,597
Total Support Services	5,928,174	5,848,240	-	5,848,240

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

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

	2017			2016
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Community Services:				
Salaries	\$ 126,050	\$ 119,082	\$ -	\$ 119,082
Employee benefits	17,348	21,818	-	21,818
Purchased services	2,750	3,091	-	3,091
Supplies and materials	5,750	6,182	-	6,182
Total Community Services	151,898	150,173	-	150,173
Payments to Other Districts and Governmental Units:				
Purchased services	215,000	212,132	-	212,132
Tuition	392,000	411,568	-	411,568
Total Payments to Other Districts and Governmental Units	607,000	623,700	-	623,700
Provision for contingencies	85,000	-	-	-
Total Expenditures Disbursed	17,734,729	24,851,184	-	24,851,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,784	(306,088)	28	(306,060)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(190,206)	-	(190,206)
Sale of capital assets	-	10,844	-	10,844
Capital lease	-	163,555	-	163,555
Total Other Financing (Uses)	-	(15,807)	-	(15,807)
NET CHANGE IN FUND BALANCE	\$ 46,784	(321,895)	28	(321,867)
FUND BALANCE, BEGINNING OF YEAR		6,311,768	3,905	6,315,673
FUND BALANCE, END OF YEAR		\$ 5,989,873	\$ 3,933	\$ 5,993,806

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 14,510,176	\$ 14,119,092	\$ 14,253,999
Personal property replacement taxes	72,500	82,244	73,939
Summer school tuition from pupils or parents	750	3,450	850
Earnings on investments	32,500	98,442	55,300
Food services	175,000	181,220	158,329
Fees	67,855	59,911	32,044
Textbooks	236,450	225,378	250,064
Contributions and donations	-	12,750	27,149
Refund of prior years' expenditures	25,000	7,661	24,590
Other	285,000	298,228	305,415
Total Local Sources	15,405,231	15,088,376	15,181,679
State Sources:			
General state aid	942,000	942,657	884,348
Special education - private facility tuition	11,514	18,742	39,041
Special education - funding for children	140,000	148,613	190,702
Special education - personnel	345,000	289,603	361,989
Special education - orphanage	-	3,469	-
Special education - summer school	2,200	-	2,205
Bilingual education - downstate - TPI	216,092	57,635	94,007
State free lunch and breakfast	1,000	950	1,031
State on-behalf payments	-	7,185,086	4,989,454
Other	36,000	85,922	7,853
Total State Sources	1,693,806	8,732,677	6,570,630
Federal Sources:			
National school lunch program	165,000	179,533	165,586
School breakfast	5,000	18,300	5,120
Commodities	-	35,828	36,762
Title I - Low Income	126,506	130,185	130,453
Special education I.D.E.A. Pre School	15,538	16,610	5,406
Special education I.D.E.A. Flow Through	276,080	265,906	43,104
Special education I.D.E.A. Room & Board	-	12,793	50,354
Title III - English Language Acquisition	45,113	35,423	52,389
Title II - Teacher Quality	29,224	29,465	29,788
Medicaid administrative outreach	20,000	-	-
Medicaid matching fee-for-service	-	-	12,611
Total Federal Sources	682,461	724,043	531,573
Total Revenues Received	17,781,498	24,545,096	22,283,882

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,890,301	\$ 5,844,561	\$ 5,835,527
Employee benefits	967,257	1,081,855	1,028,410
Employee benefits-on-behalf	-	7,185,086	4,989,454
Purchased services	32,840	35,806	37,501
Supplies and materials	304,550	305,536	336,381
Other objects	6,015	2,345	1,120
Non-capitalized equipment	-	163,555	246,480
Total	7,200,963	14,618,744	12,474,873
Tuition Payments to Charter Schools:			
Purchased services	11,775	-	-
Total	11,775	-	-
Special Education Programs:			
Salaries	1,786,135	1,774,555	1,543,494
Employee benefits	516,803	522,994	546,960
Purchased services	28,000	27,926	12,830
Supplies and materials	27,250	22,182	22,943
Capital outlay	20,000	9,598	17,301
Other objects	500	535	130
Non-capitalized equipment	-	-	515
Total	2,378,688	2,357,790	2,144,173
Special Education Programs Pre K:			
Salaries	191,300	154,949	182,890
Employee benefits	43,236	45,135	46,407
Supplies and materials	10,000	7,787	7,144
Capital outlay	10,000	-	1,777
Total	254,536	207,871	238,218
Educationally Deprived/Remedial Programs:			
Salaries	68,559	80,528	79,449
Employee benefits	1,620	-	116
Purchased services	45,000	-	59,034
Total	115,179	80,528	138,599

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
CTE Programs:			
Salaries	\$ 95,354	\$ 96,867	\$ 92,129
Employee benefits	468	11,203	487
Purchased services	2,500	-	703
Supplies and materials	12,500	8,366	9,502
Total	110,822	116,436	102,821
Interscholastic Programs:			
Salaries	112,250	119,716	93,194
Purchased services	5,700	5,740	5,765
Supplies and materials	1,500	1,302	258
Other	2,250	2,341	1,925
Total	121,700	129,099	101,142
Summer School Programs:			
Salaries	111,034	84,506	79,148
Employee benefits	1,689	-	1,631
Purchased services	7,000	9,345	1,403
Supplies and materials	1,500	399	292
Total	121,223	94,250	82,474
Bilingual Programs:			
Salaries	484,847	529,140	418,548
Employee benefits	61,724	82,765	64,700
Purchased services	-	7,500	480
Supplies and materials	1,200	4,948	769
Total	547,771	624,353	484,497
Special Education Private Tuition:			
Other	100,000	-	83,236
Total	100,000	-	83,236
Total Instruction	10,962,657	18,229,071	15,850,033

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 257,465	\$ 262,865	\$ 287,912
Employee benefits	26,024	28,274	27,542
Purchased services	25,600	26,652	3,900
Supplies and materials	2,725	1,419	1,894
Other	200	-	-
Total	312,014	319,210	321,248
Health Services:			
Salaries	481,532	402,097	413,537
Employee benefits	103,831	110,289	109,482
Purchased services	17,350	27,356	1,147
Supplies and materials	19,000	14,243	9,027
Capital outlay	11,500	6,384	-
Other	250	85	18
Total	633,463	560,454	533,211
Psychological Services:			
Salaries	224,195	224,195	180,693
Benefits	37,283	38,384	39,664
Purchased services	1,525	2,140	22,682
Supplies and Materials	1,750	206	174
Other	175	409	-
Total	264,928	265,334	243,213
Speech Pathology and Audiology Services:			
Salaries	392,838	442,645	374,256
Employee benefits	38,807	49,107	41,280
Purchased services	2,475	1,549	464
Supplies and materials	36,200	9,577	4,281
Other	675	100	-
Total	470,995	502,978	420,281
Other Support Services:			
Salaries	4,500	-	2,322
Purchased services	40,000	37,689	56,125
Total	44,500	37,689	58,447

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Improvement of Instruction Services:			
Salaries	\$ 186,308	\$ 223,508	\$ 184,070
Employee benefits	84,566	57,597	86,236
Purchased services	20,500	18,473	16,676
Supplies and materials	3,000	3,430	495
Other	2,000	1,195	1,106
Total	296,374	304,203	288,583
Educational Media Services:			
Salaries	753,898	757,075	699,137
Employee benefits	196,426	132,689	204,697
Purchased services	80,350	61,948	92,299
Supplies and materials	93,125	196,159	146,539
Capital outlay	97,000	20,742	11,120
Other	1,000	719	342
Non-capitalized equipment	1,000	4,797	66,692
Total	1,222,799	1,174,129	1,220,826
Assessment and Testing Services:			
Salaries	10,000	12,980	12,342
Supplies and materials	25,000	29,727	30,353
Total	35,000	42,707	42,695
Board of Education Services:			
Purchased services	30,500	30,883	33,993
Supplies and materials	10,000	8,338	8,857
Other objects	8,000	10,815	16,382
Total	48,500	50,036	59,232
Executive Administration Services:			
Salaries	216,059	222,298	218,034
Employee benefits	72,607	48,009	75,152
Purchased services	3,850	2,310	2,348
Supplies and materials	10,000	12,825	5,479
Capital outlay	-	-	1,899
Other objects	7,800	2,857	7,834
Total	310,316	288,299	310,746

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Tort Services:			
Purchased services	\$ 60,000	\$ 12,374	\$ 67,944
Total	60,000	12,374	67,944
Office of the Principal Services:			
Salaries	836,530	840,379	814,621
Employee benefits	292,426	228,442	302,501
Purchased services	8,500	4,580	7,837
Supplies and materials	-	665	497
Other	5,750	2,037	4,233
Total	1,143,206	1,076,103	1,129,689
Direction of Business Services:			
Salaries	123,310	123,310	120,865
Employee benefits	16,536	15,844	17,028
Purchased services	2,000	1,675	862
Other	1,000	604	960
Total	142,846	141,433	139,715
Fiscal Services:			
Salaries	102,056	102,040	99,733
Employee benefits	82,928	43,087	84,512
Purchased services	25,500	26,371	20,415
Supplies and materials	3,000	2,249	2,117
Capital outlay	-	-	1,899
Non-capitalized equipment	1,250	-	-
Total	214,734	173,747	208,676
Food Services:			
Salaries	65,000	72,499	64,379
Purchased services	329,500	455,870	324,593
Supplies and materials	3,500	27,785	37,406
Capital outlay	5,000	-	8,574
Other	-	-	600
Total	403,000	556,154	435,552

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Internal Services:			
Purchased services	\$ 35,000	\$ 31,968	\$ 30,817
Supplies and materials	-	1,221	-
Total	35,000	33,189	30,817
Planning, Research, Development and Evaluation Services:			
Purchased services	25,000	25,000	25,000
Total	25,000	25,000	25,000
Information Services:			
Purchased services	100,100	93,131	97,477
Supplies and materials	500	1,503	814
Total	100,600	94,634	98,291
Staff Services:			
Salaries	67,015	77,328	67,176
Employee benefits	26,384	41,964	23,729
Purchased services	17,100	16,170	16,629
Supplies and materials	15,000	18,446	2,644
Other	300	-	-
Total	125,799	153,908	110,178
Data Processing:			
Purchased services	32,500	32,368	34,641
Supplies and materials	1,000	694	281
Total	33,500	33,062	34,922
Other Support Services:			
Salaries	750	1,140	200
Purchased services	4,500	1,910	12,090
Supplies and materials	350	547	-
Total	5,600	3,597	12,290
Total Support Services	5,928,174	5,848,240	5,791,556

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
EDUCATIONAL ACCOUNT
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Community Services:			
Salaries	\$ 126,050	\$ 119,082	\$ 107,843
Employee benefits	17,348	21,818	17,804
Purchased services	2,750	3,091	2,269
Supplies and materials	5,750	6,182	3,722
Total Community Services	151,898	150,173	131,638
Payments to Other Districts and Governmental Units:			
Purchased services	215,000	212,132	252,430
Tuition	392,000	411,568	404,610
Total Payments to Other Districts and Governmental Units	607,000	623,700	657,040
Provision for contingencies	85,000	-	-
Total Expenditures Disbursed	17,734,729	24,851,184	22,430,267
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,769	(306,088)	(146,385)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(190,206)	(1,034,540)
Sale of capital assets	-	10,844	-
Capital lease	-	163,555	246,480
Total Other Financing (Uses)	-	(15,807)	(788,060)
NET CHANGE IN FUND BALANCE	\$ 46,769	\$ (321,895)	\$ (934,445)
FUND BALANCE, BEGINNING OF YEAR		6,311,768	7,246,213
FUND BALANCE, END OF YEAR		\$ 5,989,873	\$ 6,311,768

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 WORKING CASH ACCOUNT
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>		<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	<u>\$ 15</u>	<u>\$ 28</u>	<u>\$ 21</u>
Total Local Sources	<u> 15</u>	<u> 28</u>	<u> 21</u>
Total Revenues Received	<u> 15</u>	<u> 28</u>	<u> 21</u>
EXPENDITURES DISBURSED			
Total Expenditures	<u> -</u>	<u> -</u>	<u> -</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 15</u></u>	<u> 28</u>	<u> 21</u>
FUND BALANCE, BEGINNING OF YEAR		<u> 3,905</u>	<u> 3,884</u>
FUND BALANCE, END OF YEAR		<u><u>\$ 3,933</u></u>	<u><u>\$ 3,905</u></u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,331,522	\$ 1,435,954	\$ 1,334,486
Earnings on investments	3,500	5,159	4,390
Rentals	50,000	35,282	33,212
Contributions and donations	3,500	16,621	-
Impact fees	10,500	10,589	-
Payments of surplus monies from TIF district	3,500	-	-
Payments from other districts	25,000	27,542	27,468
Refund of prior years' expenditures	-	100	-
Other	-	88	-
Total Local Sources	1,427,522	1,531,335	1,399,556
State Sources:			
Other grants	-	20,296	-
Total Revenues Received	1,427,522	1,551,631	1,399,556
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Services:			
Salaries	714,820	688,576	694,885
Benefits	121,925	135,653	111,922
Purchased services	328,600	292,548	307,353
Supplies and materials	224,000	206,895	204,140
Capital outlay	110,000	133,097	139,463
Other objects	1,100	270	-
Non-capitalized equipment	-	-	338
Total Support Services	1,500,445	1,457,039	1,458,101
Total Expenditures Disbursed	1,500,445	1,457,039	1,458,101
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,923)	94,592	(58,545)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	37,750
Transfers out	-	-	(150,000)
Total Other Financing Sources (Uses)	-	-	(112,250)
NET CHANGE IN FUND BALANCE	\$ (72,923)	94,592	(170,795)
FUND BALANCE, BEGINNING OF YEAR		573,858	744,653
FUND BALANCE, END OF YEAR		\$ 668,450	\$ 573,858

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
DEBT SERVICE FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,166,171	\$ 1,181,917	\$ 1,179,503
Earnings on investments	1,750	2,294	1,960
Total Local Sources	1,167,921	1,184,211	1,181,463
Total Revenues Received	1,167,921	1,184,211	1,181,463
EXPENDITURES DISBURSED			
Debt Service:			
Principal	1,031,767	979,962	884,874
Interest	342,012	352,257	375,079
Other	-	950	950
Total Debt Service	1,373,779	1,333,169	1,260,903
Total Expenditures Disbursed	1,373,779	1,333,169	1,260,903
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(205,858)	(148,958)	(79,440)
OTHER FINANCING SOURCES			
Transfers in	-	190,206	134,540
Total Other Financing Sources	-	190,206	134,540
NET CHANGE IN FUND BALANCE	\$ (205,858)	41,248	55,100
FUND BALANCE, BEGINNING OF YEAR		414,287	359,187
FUND BALANCE, END OF YEAR		\$ 455,535	\$ 414,287

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TRANSPORTATION FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 834,656	\$ 935,254	\$ 812,120
Earnings on investments	2,250	5,203	3,935
Other	-	-	4,716
Total Local Sources	836,906	940,457	820,771
State Sources:			
Transportation aid - regular	244,735	136,135	201,324
Transportation aid - special education	176,963	139,409	181,838
Total State Sources	421,698	275,544	383,162
Total Revenues Received	1,258,604	1,216,001	1,203,933
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	40,000	22,842	22,273
Purchased services	981,512	978,712	952,786
Supplies and materials	100,000	70,164	53,739
Other Support Services:			
Purchased services	5,000	-	-
Total Support Services	1,126,512	1,071,718	1,028,798
Payments to Other Districts and Governmental Units:			
Purchased services	100,000	107,959	126,000
Total Expenditures Disbursed	1,226,512	1,179,677	1,154,798
NET CHANGE IN FUND BALANCE	\$ 32,092	36,324	49,135
FUND BALANCE, BEGINNING OF YEAR		601,100	551,965
FUND BALANCE, END OF YEAR		\$ 637,424	\$ 601,100

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 MUNICIPAL RETIREMENT FUND
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 273,969	\$ 290,362	\$ 310,171
FICA/Medicare levy	273,969	290,362	310,171
Personal property replacement taxes	1,175	1,000	1,000
Earnings on investments	-	2,286	1,184
Total Local Sources	549,113	584,010	622,526
Total Revenues Received	549,113	584,010	622,526
EXPENDITURES DISBURSED			
Instruction - Employee benefits	605,384	274,843	246,517
Support Services - Employee benefits	-	368,207	354,563
Community Services - Employee benefits	-	13,337	12,583
Total Expenditures Disbursed	605,384	656,387	613,663
NET CHANGE IN FUND BALANCE	\$ (56,271)	(72,377)	8,863
FUND BALANCE, BEGINNING OF YEAR		183,925	175,062
FUND BALANCE, END OF YEAR		\$ 111,548	\$ 183,925

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ -	\$ 31	\$ 436
Contributions and donations	-	-	43,608
Total Local Sources	-	31	44,044
Total Revenues Received	-	31	44,044
EXPENDITURES DISBURSED			
Support Services:			
Business:			
Purchased services	-	-	67,638
Capital outlay	-	-	2,196,942
Total Support Services	-	-	2,264,580
Total Expenditures Disbursed	-	-	2,264,580
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	31	(2,220,536)
OTHER FINANCING SOURCES			
Transfers in	-	-	1,050,000
Total Other Financing Sources	-	-	1,050,000
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	31	(1,170,536)
FUND BALANCE, BEGINNING OF YEAR		5,698	1,176,234
FUND BALANCE, END OF YEAR		<u>5,729</u>	<u>\$ 5,698</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23

TORT FUND

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

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

	2017		2016
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 150,215	\$ 179,722	\$ 149,188
Earnings on investments	15	6	19
Refund of prior years' expenditures	10,000	9,150	8,080
Total Local Sources	160,230	188,878	157,287
Total Revenues Received	160,230	188,878	157,287
EXPENDITURES DISBURSED			
Support Services:			
General Administration:			
Worker's compensation			
Purchased services	114,500	114,654	118,285
Unemployment insurance			
Employee benefits	3,500	-	-
Purchased services	-	1,830	340
General insurance:			
Purchased services	53,500	55,022	51,968
Risk management:			
Purchased services	-	-	14,000
Total Support Services	171,500	171,506	184,593
Total Expenditures Disbursed	171,500	171,506	184,593
NET CHANGE IN FUND BALANCE	\$ (11,270)	17,372	(27,306)
FUND BALANCE, BEGINNING OF YEAR		12,264	39,570
FUND BALANCE, END OF YEAR		\$ 29,636	\$ 12,264

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
ACTIVITY FUNDS
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2017

	Cash Balance July 1, 2016	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2017
ASSETS				
Cash and investments in custody of School District	<u>\$ 87,382</u>	<u>\$ 165,807</u>	<u>\$ 207,470</u>	<u>\$ 45,719</u>
LIABILITIES				
Amount Due To Activity:				
MacArthur				
Library fines	\$ 677	\$ -	\$ -	\$ 677
Student senate	3,194	6,929	6,457	3,666
Industrial arts	3,036	-	2,000	1,036
Drama	10,338	13,032	15,790	7,580
Pom-Pom	83	2,155	2,114	124
Yearbook	10,618	6,838	17,873	(417)
Student store	1,814	-	1,814	-
Eighth grade	900	13,896	13,281	1,515
Magazine	3,674	-	3,674	-
Field trips - sixth grade	83	-	83	-
Field trips - seventh grade	1,952	-	1,952	-
Field trips - eighth grade	2,949	-	2,949	-
Soda	1,586	-	1,586	-
Field trips	-	21,573	17,946	3,627
J. Szymanski	802	2,120	1,082	1,840
Student incentives	-	6,125	4,466	1,659
Home economics	5,039	392	5,130	301
Basketball	1,055	-	177	878
Track	3,420	4,597	5,475	2,542
Wrestling fund	(1,104)	5,205	2,070	2,031
Volleyball	903	1,312	1,031	1,184
Special projects	458	-	458	-
Physical education	3,163	-	3,163	-
Art	349	-	24	325
Charitable fund	1,037	548	175	1,410
Student teachers - stipends	188	-	188	-
Eisenhower				
Field trips	97	8,290	8,365	22
Charitable fund	137	2,494	2,555	76
Student pictures	3,704	-	3,704	-
Student council	699	-	699	-
Book fair and library books	2,455	9,929	12,083	301
Girls on the Run	244	-	244	-
Needy family	-	699	-	699
Student teachers - stipends	130	-	130	-

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Cash Balance July 1, 2016	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2017
LIABILITIES				
Amount due to Activity: (Cont'd)				
Sullivan				
Field trips	\$ 2,284	\$ 8,226	\$ 8,005	\$ 2,505
STEAM	-	390	83	307
Lego Robots	-	450	408	42
Plays	2,788	4,993	6,145	1,636
Student pictures	5,574	-	5,574	-
Birthday book	916	916	1,832	-
Library	2,147	7,494	6,773	2,868
Needy family	646	35	91	590
Ross				
Field trips	1,602	10,566	10,732	1,436
Birthday book	687	-	687	-
Library book	3,744	11,348	14,211	881
Student pictures	2,314	-	2,314	-
Needy family	773	2,332	21	3,084
Charitable	-	7,044	6,908	136
STEAM	-	1,160	238	922
Pennies for patients	37	37	74	-
Recorders Grades 3-5	(104)	1,145	1,041	-
Interest earned account	294	3,537	3,595	236
	<u>\$ 87,382</u>	<u>\$ 165,807</u>	<u>\$ 207,470</u>	<u>\$ 45,719</u>
Total Amount Due To Activity	<u>\$ 87,382</u>	<u>\$ 165,807</u>	<u>\$ 207,470</u>	<u>\$ 45,719</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2017

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

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
12/15/17		\$ 840,000	\$ 120,600	
06/15/18	6/30/2018	-	108,000	\$ 1,068,600
12/15/18		885,000	108,000	
06/15/19	6/30/2019	-	90,300	1,083,300
12/15/19		940,000	90,300	
06/15/20	6/30/2020	-	71,500	1,101,800
12/15/20		995,000	71,500	
06/15/21	6/30/2021	-	51,600	1,118,100
12/15/21		1,050,000	51,600	
06/15/22	6/30/2022	-	30,600	1,132,200
12/15/22		1,110,000	30,600	
06/15/23	6/30/2023	-	8,400	1,149,000
12/15/23	6/30/2024	420,000	8,400	428,400
TOTAL		<u>\$ 6,240,000</u>	<u>\$ 841,400</u>	<u>\$ 7,081,400</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2017

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

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
12/01/17		\$ -	\$ 44,406	
06/01/18	6/30/2018	-	44,406	\$ 88,812
12/01/18		-	44,406	
06/01/19	6/30/2019	-	44,406	88,812
12/01/19		15,000	44,406	
06/01/20	6/30/2020	-	44,106	103,512
12/01/20		20,000	44,106	
06/01/21	6/30/2021	-	43,706	107,812
12/01/21		30,000	43,706	
06/01/22	6/30/2022	-	43,106	116,812
12/01/22		790,000	43,106	
06/01/23	6/30/2023	-	27,306	860,412
12/01/23	6/30/2024	1,285,000	27,306	1,312,306
TOTAL		<u>\$ 2,140,000</u>	<u>\$ 538,478</u>	<u>\$ 2,678,478</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF PER CAPITA TUITION CHARGE
 AND AVERAGE DAILY ATTENDANCE
 JUNE 30, 2017

	Year Ended June 30,		
	2017	2016	2015
Allowable Expenses	<u>\$ 18,629,337</u>	<u>\$ 18,171,817</u>	<u>\$ 17,276,105</u>
Average Daily Attendance	<u>1,438.51</u>	<u>1,439.46</u>	<u>1,407.79</u>
Per Capita Tuition Charge	<u>\$ 12,950</u>	<u>\$ 12,624</u>	<u>\$ 12,272</u>

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO OTHER INFORMATION
JUNE 30, 2017

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

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was 7%, including an inflation rate of 2.5% and a real return of 4.5%. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5%, including an inflation rate of 3% and a real return of 4.5%. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ended June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5%, including an inflation rate of 3% and a real return of 4.5%. However, salary increases were assumed to vary by age.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Funds types is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The budget was passed on September 14, 2016.

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

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

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

NOTE 3 – EXCESS OF EXPENDITURES OVER BUDGET

The District over-expended its budget in the Educational Account; actual expenditures of \$24,851,184 exceeded budgeted expenditures of \$17,734,729 by a difference of \$7,116,455. The District recognized, but did not budget for, revenue of \$7,185,086 in on-behalf payments to offset expenditures of \$7,185,086. After considering on-behalf revenue and expenditures, Educational Account expenditures were under budgeted expenditures.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO OTHER INFORMATION
JUNE 30, 2017

NOTE 3 – EXCESS OF EXPENDITURES OVER BUDGET (CONT'D)

The District over-expended its budget in the Tort Fund; actual expenditures of \$171,506 exceeded budgeted expenditures of \$171,500 by a difference of \$6. The District over-expended its budget in the Municipal Retirement/Social Security Fund; actual expenditures of \$656,387 exceeded budgeted expenditures of \$605,384 by a difference of \$51,003.