

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

**JUNE 30, 2018**

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### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prospect Heights School District No. 23, Prospect Heights, Illinois, (the "District") as of and for the year ended June 30, 2018, 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. 75, *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, 2018, 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 2, 2018, 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 2, 2018  
Rolling Meadows, Illinois  
(15)

**OTHER INFORMATION**  
**Management's Discussion and Analysis**



The Management's Discussion and Analysis of Prospect Heights School District 23's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2018. 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, 2018, by \$17,541,479 (net position).
- The District's total net position increased by \$1,177,921.
- 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 revenues exceeding expenditures 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 2017-2018 adopted budget was approved with revenues exceeding expenditures by approximately \$311K. The actual surplus of funds can be attributed to a combination of factors:
  - In the Educational Account, actual expenditures were significantly less than budgeted expenditures due to contingencies that were unspent and anticipated events in specific educational areas that did not occur (i.e. special education tuition, contingent positions in early childhood and kindergarten, etc.).
  - In the Educational Account, the District provided the ability to carry over funds from FY2018 to FY2019 in order to complete projects and reward responsible budgeting/spending at the building and department level. Therefore, these funds are still being spent for the educational programs, but are being used in the next fiscal year. In the Operations and Maintenance Account, the District experienced significant growth in monies due to its new facility rental program and rates. This money was transferred to capital projects in order to begin work on the long range plan.
  - The District received its categorical grant revenue that was approved, due and owing during the 2016-17 school year during the 2017-18 school year.
  - The District received an increase in funding under the Evidence Based Funding model introduced during FY2018 of approximately \$44,000.

### **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.



PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018

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 2017-2018. 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 District'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, 2018 and 2017:

	Governmental Activities	
	2018	2017
Assets:		
Current Assets	\$ 8,748,397	\$ 8,021,566
Capital Assets (Less Depreciation)	16,632,876	17,174,386
Total Assets	25,381,273	25,195,952
Liabilities:		
Current Liabilities	133,286	119,438
Noncurrent Liabilities	7,706,508	8,712,956
Total Liabilities	7,839,794	8,832,394
Net Position:		
Net Investment in Capital Assets	8,926,368	8,461,430
Restricted	2,554,596	1,908,322
Unrestricted	6,060,515	5,993,806
Total Net Position	\$ 17,541,479	\$ 16,363,558

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 \$17,541,479.

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, \$881,072; Transportation Fund, \$851,353; Municipal Retirement/Social Security Fund, \$32,131; Debt Service Fund, \$489,030; Capital Projects Fund, \$220,945; and the Tort Fund, \$80,065. The District's total restricted net position at the end of the fiscal year totaled \$2,554,596. 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, 2018

The following is a summary of the District's change in net position for the years ended June 30, 2018, and 2017:

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for services	\$ 876,932	\$ 848,010
Operating grants	9,729,797	8,809,903
General Revenues:		
Property taxes	18,592,304	18,432,663
Personal property replacement taxes	69,653	83,244
Evidence based funding formula	1,712,590	942,657
Unrestricted investment earnings	136,899	113,449
Other	20,901	39,960
Gain(loss) on disposition of capital assets	-	10,634
Total Revenues	31,139,076	29,280,520
Expenses:		
Instruction	18,826,407	18,494,316
Support services	9,183,984	8,756,487
Community services	208,387	163,510
Payments to other gov't units	619,085	731,659
Interest and fees on long-term debt	326,956	353,207
Depreciation (unallocated)	796,336	793,624
Total Expenditures	29,961,155	29,292,803
Change in Net Position	1,177,921	(12,283)
Net Position - Beginning	16,363,558	16,375,841
Net Position - Ending	\$ 17,541,479	\$ 16,363,558

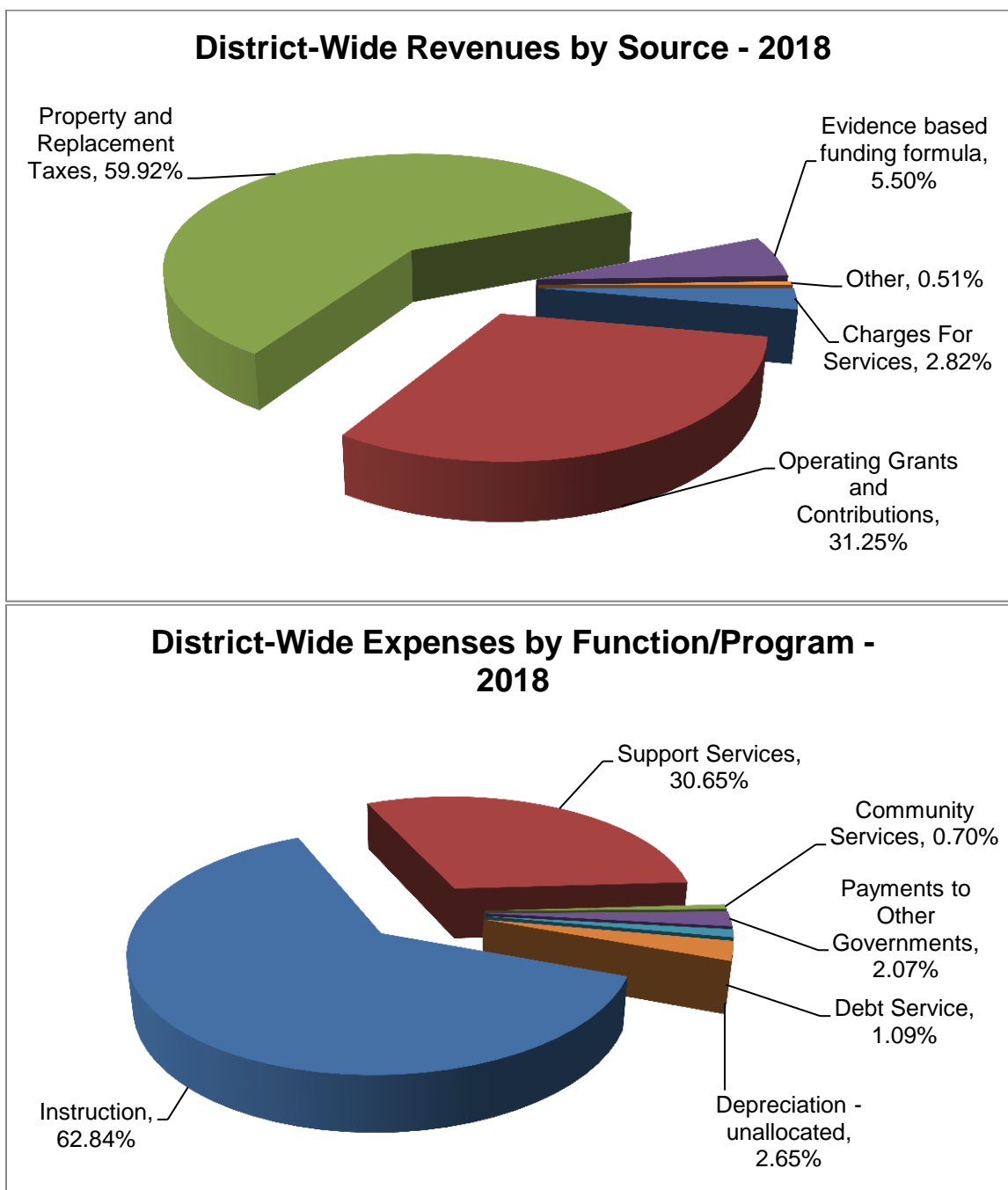
Change in Net Position: The District's combined net position increased by \$1,177,921 to \$17,541,479 in fiscal year 2018.

The District's total revenues were \$31,139,076 for governmental activities. Local taxes (predominantly real estate taxes) were \$18,661,957 or 59.92% of the total. Charges for services were \$876,932 or 2.82%. State and federal funding and grants were \$9,729,797 or 31.25% of the total. Evidence based funding formula was \$1,712,590 or 5.50%. Unrestricted investments earned and other of \$157,800 or 0.51%.

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 \$29,961,155. 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.

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, 2018

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Functions/Programs	2018	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 18,826,407	\$ 9,363,657
Support services	9,183,984	8,040,005
Community services	208,387	208,387
Payments to other gov't units	619,085	619,085
Debt service	326,956	326,956
Depreciation (unallocated)	796,336	796,336
Total Expenses	<u>\$ 29,961,155</u>	<u>\$ 19,354,426</u>

### Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,615,111. Overall, the District had an increase in Fund Balance for the 2017-2018 Fiscal Year in the amount of \$712,983 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 increased by \$66,664, resulting in an ending fund balance of \$6,056,537.
- The District transferred out \$141,031 to the Debt Service Fund for payment of capital lease principal and interest and \$150,000 to the Capital Projects Fund for various projects.

##### Working Cash Account

- Fund balance increased by interest income of \$45.

#### Operations and Maintenance Fund

- Fund balance increased by \$212,622, resulting in an ending fund balance of \$881,072
- The District transferred out \$65,000 to the Capital Projects Fund for various projects.

#### Capital Projects Fund

- Fund balance increased by \$215,216, due to transfers from the Educational Account and the Operations and Maintenance Fund, resulting in an ending fund balance of \$220,945.

#### 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 \$218,436.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018

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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 \$7,257,496. The reason for this over-expenditure is due to the District not budgeting for actual on-behalf payments of \$7,662,158 to the State.

### Capital Asset and Debt Administration

#### Capital Assets:

The District invested \$254,826 in capital assets, including school buildings, technology, and equipment during the 2018 fiscal year. Total depreciation expense for the year was \$796,336, with accumulated depreciation of \$6,330,736 resulting in depreciable capital assets after depreciation of \$16,226,938.

Non-depreciable capital assets including land accounted for \$405,938 in capital assets, resulting in total capital assets on June 30, 2018, of \$16,632,876. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets (Net of Depreciation)			
Functions/Programs	2018	2017	Percentage Change
Land	\$ 405,938	\$ 405,938	0.00%
Land Improvements	416,462	407,463	2.21%
Buildings and Improvements	15,146,629	15,747,216	-3.81%
Equipment and Furniture	635,580	577,507	10.06%
Transportation	28,267	36,262	-22.05%
Totals	<u>\$ 16,632,876</u>	<u>\$ 17,174,386</u>	-3.15%

#### Long-term Debt:

At year-end, the District had \$7,706,508 in general obligation bonds and other long-term debt outstanding. The District entered into a capital lease agreement for band instruments for \$19,498. 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	2018	2017	Percentage Change
General Obligation Bonds	\$ 7,540,000	\$ 8,380,000	-10.02%
Capital Leases	166,508	332,956	-49.99%
Totals	<u>\$ 7,706,508</u>	<u>\$ 8,712,956</u>	-11.55%

### **Factors bearing on the District's Future**

The Board of Education and the Prospect Heights Education Association are beginning the fourth 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 third year of meetings between the 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 third 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. The center-piece of the plan is the 1:1 iPad technology put in place at Mac Arthur Middle School in 2015-16 and at Sullivan Elementary School in 2016-17. In 2017-18, the Technology Plan's expansion of devices to Eisenhower School and Betsy Ross School was performed on a 2:1 basis. The District's network infrastructure and connectivity enhancements are also being accomplished largely through the use of eRate funding as planned. The District's Technology Leadership Team is working on the next phase of the Technology Plan.

While actual expenditures appear to have increased by more than 1.42%, new expenditures actually rose by only 0.89%. This is due to the District allowing for approximately \$65,000 of such funds to be carried over into the next fiscal year to be used at the building level for classroom improvements such as new furniture, computer lab refurbishments and other materials and supplies. Also, these funds have been accounted for in the budget and explained to the District. For the first year, the District has allowed for budget surpluses from the prior fiscal year to be used in the current fiscal year for building level, classroom improvements. As such, approximately \$65,000 of the additional/increased spending is from building level and department level budgets to improve classroom settings with new furniture, computer lab refurbishments and other supplies/materials – these funds are part of the unspent dollars in FY2018 and projected expenditures in FY2019. Also, projects in the facilities department were allowed to be worked on while crossing over fiscal years in order to provide sufficient time for completion – these funds also contribute to the increase in overall expenditures even though they were part of the FY2018 budget.

The Fiscal Year 2019 proposed expenditure budget for the same funds is approximately \$350,000 more than Fiscal Year 2018 across all funds. As stated above, this represents an increase of 1.42% higher than FY 2018. However, in terms of the increased expenditures, approximately \$275,000 is specifically related to the salaries and benefits paid to employees; salaries and benefits rose by 0.89%, with overall benefits decreasing by approximately 9.5% due to a favorable year in health insurance events. Thus, the Fiscal Year 2018 budget comes with a zero-net increase to all objects other than salaries, benefits, and transportation during the 2017-18 school year.

In addition, in terms of remaining increased expenditures, there was an increase of 10% over FY2018 transportation costs due to two factors: the District could no longer pair its bus routes with Township High School District 214 when the latter changed their school schedule, and the District experienced increase in required transportation services.



Revenue in the District grew at approximately the same pace as the expenditures due to the final receipts from Fiscal Year 2018 from the State of Illinois, being received after June 30, 2018 (a much smaller percentage than FY2017 paid in FY2018) and a small increase in monies received under the new "Evidence Based Funding" model adopted beginning in FY2018 for general state aid. For FY2019, the District is projected to receive a similar increase in Evidence Based Funding dollars as well as growth in its property tax revenue due to the value of new property in the District that increases its equalized assessed value. As such, the District's finances will provide a balanced budget for FY2019 with a slight surplus in the major operating funds. However, in order to remain on a sustainable financial path with a consistent, quality educational program, the responsible budgeting and spending must continue along with the settlement of a sustainable collective bargaining agreement.

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.

## **BASIC FINANCIAL STATEMENTS**

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
STATEMENT OF NET POSITION  
MODIFIED CASH BASIS  
JUNE 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 8,748,397
Capital assets not being depreciated:	
Land	405,938
Capital assets, net of accumulated depreciation:	
Buildings and improvements	15,146,629
Land improvements	416,462
Transportation equipment	28,267
Equipment	635,580
	<u>25,381,273</u>
Total Assets	
<b>LIABILITIES</b>	
Payroll deductions payable	133,286
Non-current liabilities:	
Due within one year	990,488
Due in more than one year	6,716,020
	<u>7,839,794</u>
Total Liabilities	
<b>NET POSITION</b>	
Net investment in capital assets	8,926,368
Restricted	2,554,596
Unrestricted	6,060,515
	<u>17,541,479</u>
Total Net Position	<u>\$ 17,541,479</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, 2018

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	\$ 18,826,407	\$ 563,993	\$ 8,898,757	\$ -	\$ (9,363,657)
Support services	9,183,984	312,939	831,040	-	(8,040,005)
Community services	208,387	-	-	-	(208,387)
Payments to other gov't units	619,085	-	-	-	(619,085)
Debt Service:					
Interest and other	326,956	-	-	-	(326,956)
Depreciation - unallocated	796,336	-	-	-	(796,336)
Total Governmental Activities	<u>\$ 29,961,155</u>	<u>\$ 876,932</u>	<u>\$ 9,729,797</u>	<u>\$ -</u>	<u>(19,354,426)</u>
GENERAL REVENUES RECEIVED:					
Taxes:					
Property taxes, levied for general purposes					17,404,319
Property taxes, levied for debt service					1,187,985
Personal property replacement taxes					69,653
Evidence based funding formula					1,712,590
Impact fees					15,776
Unrestricted earnings on investments					136,899
Contributions and donations					<u>5,125</u>
Total General Revenues Received					<u>20,532,347</u>
CHANGE IN NET POSITION					1,177,921
NET POSITION - JULY 1, 2017					<u>16,363,558</u>
NET POSITION - JUNE 30, 2018					<u>\$ 17,541,479</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, 2018

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS				
Cash and investments	\$ 6,196,638	\$ 878,199	\$ 489,030	\$ 851,389
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 6,196,638</u>	<u>\$ 878,199</u>	<u>\$ 489,030</u>	<u>\$ 851,389</u>
LIABILITIES				
Payroll deductions payable	\$ 136,123	\$ (2,873)	\$ -	\$ 36
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>136,123</u>	<u>(2,873)</u>	<u>-</u>	<u>36</u>
FUND BALANCES				
Restricted	-	881,072	489,030	851,353
Unassigned	6,060,515	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>6,060,515</u>	<u>881,072</u>	<u>489,030</u>	<u>851,353</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 6,196,638</u>	<u>\$ 878,199</u>	<u>\$ 489,030</u>	<u>\$ 851,389</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>\$ 32,131</u>	<u>\$ 220,945</u>	<u>\$ 80,065</u>	<u>\$ 8,748,397</u>
<u><u>\$ 32,131</u></u>	<u><u>\$ 220,945</u></u>	<u><u>\$ 80,065</u></u>	<u><u>\$ 8,748,397</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,286</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>133,286</u>
<u>32,131</u>	<u>220,945</u>	<u>80,065</u>	<u>2,554,596</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,060,515</u>
<u>32,131</u>	<u>220,945</u>	<u>80,065</u>	<u>8,615,111</u>
<u><u>\$ 32,131</u></u>	<u><u>\$ 220,945</u></u>	<u><u>\$ 80,065</u></u>	<u><u>\$ 8,748,397</u></u>

(Continued)



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, 2018

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Total fund balances-governmental funds (Exhibit C)	\$ 8,615,111
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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	788,721	
Buildings	19,568,680	
Equipment	2,111,311	
Transportation equipment	<u>88,962</u>	
 Total cost of capital assets	 22,963,612	
 Accumulated depreciation	 <u>(6,330,736)</u>	
 Net capital assets		 16,632,876

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	\$ (166,508)	
Bonds payable	<u>(7,540,000)</u>	<u>(7,706,508)</u>
 Total net position - governmental activities (Exhibit A)		 <u>\$ 17,541,479</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, 2018

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
<b>REVENUES</b>				
Local Sources:				
General tax levies	\$ 13,933,498	\$ 1,558,141	\$ 1,187,985	\$ 1,120,551
Personal property replacement taxes	68,653	-	-	-
Summer school tuition from pupils or parents	2,400	-	-	-
Earnings on investments	110,883	9,243	3,872	9,770
Food services	177,998	-	-	-
Pupil activities	36,057	-	-	-
Textbooks	78,972	-	-	-
Rentals	-	111,872	-	-
Contributions and donations	1,600	3,525	-	-
Refund of prior years' expenditures	88,505	87	-	-
Payments from other districts	-	-	-	-
Impact fees	-	15,776	-	-
Other	358,059	1,741	-	18,000
State Sources	9,860,685	-	-	502,183
Federal Sources	1,079,519	-	-	-
Total Revenues	<u>25,796,829</u>	<u>1,700,385</u>	<u>1,191,857</u>	<u>1,650,504</u>
<b>EXPENDITURES</b>				
Current:				
Instruction				
Regular programs	14,844,169	-	-	-
Special education programs	2,395,395	-	-	-
Special education programs - pre-K	219,223	-	-	-
Remedial and supplemental programs	108,473	-	-	-
CTE programs	118,417	-	-	-
Interscholastic programs	145,254	-	-	-
Summer school programs	80,065	-	-	-
Bilingual programs	640,691	-	-	-
Support Services				
Attendance and social work services	360,042	-	-	-
Health services	578,854	-	-	-
Psychological services	284,351	-	-	-
Speech pathology/audiology services	474,767	-	-	-
Other support services - pupils	51,596	-	-	-
Improvement of instruction services	208,295	-	-	-
Educational media services	1,196,251	-	-	-
Assessment and testing services	42,074	-	-	-
Board of Education services	56,043	-	-	-
Executive administration services	396,937	-	-	-

Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ 587,494	\$ -	\$ 204,635	\$ 18,592,304
1,000	-	-	69,653
-	-	-	2,400
2,660	216	255	136,899
-	-	-	177,998
-	-	-	36,057
-	-	-	78,972
-	-	-	111,872
-	-	-	5,125
-	-	3,241	91,833
-	-	-	-
-	-	-	15,776
-	-	-	377,800
-	-	-	10,362,868
-	-	-	1,079,519
591,154	216	208,131	31,139,076

81,890	-	-	14,926,059
157,593	-	-	2,552,988
-	-	-	219,223
7,022	-	-	115,495
1,334	-	-	119,751
2,307	-	-	147,561
5,584	-	-	85,649
18,990	-	-	659,681
4,455	-	-	364,497
75,087	-	-	653,941
3,408	-	-	287,759
5,878	-	-	480,645
-	-	-	51,596
2,294	-	-	210,589
40,743	-	-	1,236,994
206	-	-	42,280
-	-	-	56,043
18,009	-	-	414,946

(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, 2018

	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
Support services (Continued)				
Tort services	\$ 22,344	\$ -	\$ -	\$ -
Office of the principal services	1,123,008	-	-	-
Direction of business services	148,968	-	-	-
Fiscal services	173,805	-	-	-
Operations and maintenance of plant services	-	1,341,806	-	-
Pupil transportation services	-	-	-	1,369,930
Food services	497,394	-	-	-
Internal services	31,968	-	-	-
Planning, research, development and evaluation services	44,612	-	-	-
Information services	100,157	-	-	-
Staff services	158,380	-	-	-
Data processing services	30,340	-	-	-
Other support services - central	6,851	-	-	-
Community services	193,554	-	-	-
Payments to other gov't units	552,440	-	-	66,645
Capital outlay	173,869	80,957	-	-
Debt Service:				
Principal	-	-	972,437	-
Interest	-	-	326,006	-
Other	-	-	950	-
Total Expenditures	<u>25,458,587</u>	<u>1,422,763</u>	<u>1,299,393</u>	<u>1,436,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>338,242</u>	<u>277,622</u>	<u>(107,536)</u>	<u>213,929</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	19,498	-	-	-
Transfers in	-	-	141,031	-
Transfers out	<u>(291,031)</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(271,533)</u>	<u>(65,000)</u>	<u>141,031</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	66,709	212,622	33,495	213,929
FUND BALANCE, JULY 1, 2017	<u>5,993,806</u>	<u>668,450</u>	<u>455,535</u>	<u>637,424</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 6,060,515</u>	<u>\$ 881,072</u>	<u>\$ 489,030</u>	<u>\$ 851,353</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
\$ -	\$ -	\$ 157,702	\$ 180,046
63,452	-	-	1,186,460
1,862	-	-	150,830
19,300	-	-	193,105
128,318	-	-	1,470,124
1,014	-	-	1,370,944
5,489	-	-	502,883
-	-	-	31,968
-	-	-	44,612
-	-	-	100,157
11,469	-	-	169,849
-	-	-	30,340
34	-	-	6,885
14,833	-	-	208,387
-	-	-	619,085
-	-	-	254,826
-	-	-	972,437
-	-	-	326,006
-	-	-	950
670,571	-	157,702	30,445,591
(79,417)	216	50,429	693,485
-	-	-	19,498
-	215,000	-	356,031
-	-	-	(356,031)
-	215,000	-	19,498
(79,417)	215,216	50,429	712,983
111,548	5,729	29,636	7,902,128
\$ 32,131	\$ 220,945	\$ 80,065	\$ 8,615,111

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, 2018

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Total net change in fund balances-governmental funds (Exhibit D) \$ 712,983

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	\$ 254,826	
Depreciation expense	<u>(796,336)</u>	
Capital outlay in excess of depreciation expense		(541,510)

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. -

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	185,946	
Principal paid on bonds	<u>840,000</u>	
Total principal paid		1,025,946

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>(19,498)</u>
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Change in net position of governmental activities (Exhibit B)		<u><u>\$ 1,177,921</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, 2018

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	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 74,541</u>
Total Assets	<u><u>\$ 74,541</u></u>
LIABILITIES	
Due to organizations	<u>\$ 74,541</u>
Total Liabilities	<u><u>\$ 74,541</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, 2018

**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, 2018

**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, 2018

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

Municipal Retirement/ Social Security Fund	A Special Revenue Fund used to account for the District's retirement portion of pension fund contributions to the Municipal Retirement/Social Security Fund for non-certified employees.
Capital Projects Fund	The Capital Projects Fund is used to account for major construction and/or renovation of facilities.
Tort Fund	A Special Revenue Fund used to account for funds restricted to Tort Immunity expenditures in accordance with <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, 2018

**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, \$881,072; Debt Service Fund, \$489,030; Transportation Fund, \$851,353; Municipal Retirement/Social Security Fund, \$32,131; Capital Projects Fund, \$220,945; and Tort Fund, \$80,065, totaling \$2,554,596.

**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, 2018, 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, 2018, 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, 2018, 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, 2018, 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, 2018

**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, 2018

**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 2017 tax levy was December 13, 2017, and the adoption date for the 2016 tax levy was December 14, 2016. Taxes attach as an enforceable lien on property on the date of levy and are payable in two installments (typically, early in March and early in September). The District receives significant distributions of tax receipts approximately one month after these due dates.

**J. Personal Property Replacement Taxes**

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

**NOTE 2 – CASH AND INVESTMENTS**

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

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

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

**A. Cash and Investments in the Custody of the Treasurer**

An intergovernmental agreement was entered into with Township High School District 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, Township High School 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 is invested as authorized by law.

As of June 30, 2018, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. As of June 30, 2018, the fair value of all cash and investments held by the Assistant Treasurer was \$320,764,345 and the fair value of the District's proportionate share of the pool was \$8,847,934. The carrying amount of the District's deposits and investments total \$8,748,397, which includes Imprest held by the District in the amount of \$10,351.

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**

As of June 30, 2018, the carrying amount of the deposits held at the District, not including investments held by the Assistant Treasurer as described above, totaled \$74,541 and the bank and investment balances totaled \$77,989. Of this amount, \$77,989 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) as of June 30, 2018.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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, 2018, 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			
	2017		2016	
Equalized Assessed Valuation:	\$ 553,717,876		\$ 548,611,244	
Fund	Rates	Extensions	Rates	Extensions
Educational	2.5616	\$ 14,183,939	2.6035	\$ 14,282,932
Operations and Maintenance	0.2940	1,627,730	0.2816	1,545,000
Bond and Interest	0.2217	1,227,595	0.2180	1,196,175
Transportation	0.2325	1,287,500	0.1784	978,500
Municipal Retirement	0.0655	362,560	0.0422	231,750
Social Security	0.0655	362,560	0.0422	231,750
Tort	0.0381	211,150	0.0375	206,000
Totals	3.4789	\$ 19,263,034	3.4034	\$ 18,672,107



PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental Activities:</b>				
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	19,524,608	44,072	-	19,568,680
Land improvements	756,817	31,904	-	788,721
Equipment	2,078,956	178,850	146,495	2,111,311
Transportation equipment	88,962	-	-	88,962
Total capital assets, being depreciated	22,449,343	254,826	146,495	22,557,674
Less: Accumulated depreciation:				
Buildings	3,777,392	644,659	-	4,422,051
Land improvements	349,354	22,905	-	372,259
Equipment	1,501,449	120,777	146,495	1,475,731
Transportation equipment	52,700	7,995	-	60,695
Total accumulated depreciation	5,680,895	796,336	146,495	6,330,736
Total capital assets, being depreciated, net	16,768,448	(541,510)	-	16,226,938
Governmental activities capital assets	<u>\$ 17,174,386</u>	<u>\$ (541,510)</u>	<u>\$ -</u>	<u>\$ 16,632,876</u>
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		<u>\$ 796,336</u>		

**NOTE 5 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Capital Leases:</b>					
De Lage copiers	\$ 142,191	\$ -	\$ 45,475	\$ 96,716	\$ 47,371
American Capital - instruments	-	19,498	4,334	15,164	3,489
Apple iPad Air2 computers	108,238	-	53,610	54,628	54,628
(52) Apple iPad bundles	82,527	-	82,527	-	-
Sub-Total Capital Leases	332,956	19,498	185,946	166,508	105,488
<b>General Obligation Bonds:</b>					
02/07/13 School Bond	6,240,000	-	840,000	5,400,000	885,000
01/28/14 School Bond	2,140,000	-	-	2,140,000	-
Sub-Total Bonds	8,380,000	-	840,000	7,540,000	885,000
Total Long-Term Obligations	<u>\$ 8,712,956</u>	<u>\$ 19,498</u>	<u>\$ 1,025,946</u>	<u>\$ 7,706,508</u>	<u>\$ 990,488</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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, 2018, is \$5,400,000.

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, 2018, 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, 2018, is \$96,716. 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, 2018, is \$54,628. 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. This lease had been retired as of June 30, 2018. 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 musical instruments. The lease provides annual principal payments on August 1 of each year with final payment on August 1, 2021. The interest rate is 5.56% per year. The balance due as of June 30, 2018, is \$15,165. The current fiscal year depreciation is \$371 with accumulated depreciation at year-end of \$371.

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, 2018, 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
2019	\$ 105,488	\$ 4,112	\$ 885,000	\$ 287,112	\$ 990,488	\$ 291,224
2020	53,028	1,100	955,000	250,312	1,008,028	251,412
2021	3,888	-	1,015,000	210,912	1,018,888	210,912
2022	4,104	-	1,080,000	169,012	1,084,104	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>\$ 166,508</u>	<u>\$ 5,212</u>	<u>\$7,540,000</u>	<u>\$1,062,466</u>	<u>\$7,706,508</u>	<u>\$1,067,678</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Legal Debt Margin**

The Illinois School Code limits the amount of indebtedness to 6.9% of \$553,717,876, which is the most recent available equalized assessed valuation of the District; therefore, the District's legal debt margin as of June 30, 2018, is \$38,206,533. As of June 30, 2018, the outstanding bonded debt to which the legal debt margin applies is \$7,540,000 and applicable capital lease debt is \$166,508, leaving an available borrowing power of \$30,500,025.

**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](http://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.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
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**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, 2017, was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

**On-behalf contributions to TRS.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, 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 \$7,538,888 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, 2018, were \$60,590, and are deferred because they were paid after the June 30, 2017, 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 Public Act 100-0340, the federal and special trust fund contribution rate is the employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds at the same rate as the state contribution rate to TRS and were much higher.

For the year ended June 30, 2018, the employer pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$24,935 were paid from federal and special trust funds that required employer contributions of \$2,518. These contributions are deferred because they were paid after the June 30, 2017, measurement date.

**Employer retirement cost contributions.** Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The 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 on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2018, 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, 2018, 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  
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**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

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

As of June 30, 2018, 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	\$ 1,669,293
State's proportionate share of the net pension liability associated with the District	<u>76,602,878</u>
Total	<u><u>\$ 78,272,171</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was 0.0021849913%, which was an increase of 0.000491832 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$7,601,996 and revenue of \$7,538,888 for support provided by the state. As of June 30, 2018, 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	\$ 18,130	\$ 771
Net difference between projected and actual earnings on pension plan investments	1,145	-
Changes of assumptions	111,413	47,968
Changes in proportion and differences between employer contributions and proportionate share of contributions	310,063	73,244
Employer contributions subsequent to the measurement date	63,108	-
Total	<u><u>\$ 503,859</u></u>	<u><u>\$ 121,983</u></u>

\$63,108 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, 2018. 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
2019	\$ 71,694
2020	107,069
2021	81,494
2022	50,552
2023	7,962

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2017, 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. The same assumptions were used in the June 30, 2016 actuarial valuation.

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. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private equity	14.0%	10.63%
Total	<u>100%</u>	

*Discount Rate*

As of June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.00%, which was a change from the June 30, 2016, rate of 6.83%. 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  
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**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

Based on those assumptions, TRS's fiduciary net position as of June 30, 2017, 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, 2016, the discount rate used to measure the total pension liability was 6.83%. 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 7.00%, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 2,050,944	\$ 1,669,293	\$ 1,356,688

*TRS fiduciary net position*

Detailed information about the TRS's fiduciary net position as of June 30, 2017, 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](http://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, 2018

**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, 2017, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	71
Inactive plan members entitled to but not yet receiving benefits	78
Active plan members	75
Total	<u>224</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 required contribution rate for calendar year 2017 was 11.23%. For the fiscal year ended 2018, the employer contributed \$301,215 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, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

*Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:



PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

- 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 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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	37%	8.30%	6.85%
International Equities	18%	8.45%	6.75%
Fixed Income	28%	3.05%	3.00%
Real Estate	9%	6.90%	5.75%
Alternatives	7%		
Private Equity		12.45%	7.35%
Hedge Funds		5.35%	5.05%
Commodities		4.25%	2.65%
Cash Equivalents	1%	2.25%	2.25%
Total	<u>100%</u>		

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

*Single Discount Rate*

A Single Discount Rate of 7.50% 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 3.31%, 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, 2016	\$ 13,230,417	\$ 11,531,849	\$ 1,698,568
Changes for the year:			
Service Cost	297,039	-	297,039
Interest on the Total Pension Liability	976,666	-	976,666
Differences Between Expected and Actual Experience of the Total Pension Liability	460,552	-	460,552
Changes of Assumptions	(451,717)	-	(451,717)
Contributions - Employer	-	301,215	(301,215)
Contributions - Employees	-	120,700	(120,700)
Net Investment Income	-	2,017,832	(2,017,832)
Benefit Payments, including Refunds of Employee Contributions	(713,449)	(713,449)	-
Other (Net Transfer)	-	(114,527)	114,527
Net Changes	569,091	1,611,771	(1,042,680)
Balances at December 31, 2017	\$ 13,799,508	\$ 13,143,620	\$ 655,888

*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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Total pension liability	\$ 15,326,255	\$ 13,799,508	\$ 12,516,080
Plan fiduciary net position	13,143,620	13,143,620	13,143,620
Net pension liability / (asset)	<u>\$ 2,182,635</u>	<u>\$ 655,888</u>	<u>\$ (627,540)</u>

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

For the year ended June 30, 2018, the District recognized pension expense of \$305,711. As of June 30, 2018, 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 (Inflows) of Resources
Deferred amounts to be recognized in pension expense in future periods:			
Differences between expected and actual experience	\$ 326,993	\$ -	\$ 326,993
Changes of assumptions	-	302,002	(302,002)
Net difference between projected and actual earnings on pension plan investments	373,125	934,537	(561,412)
Total deferred amounts to be recognized in pension expense in future periods	700,118	1,236,539	(536,421)
Pension contributions made subsequent to the measurement date	156,697	-	156,697
Total Deferred Amounts Related to Pensions	<u>\$ 856,815</u>	<u>\$ 1,236,539</u>	<u>\$ (379,724)</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 (Inflows) of Resources
2018	\$ (15,993)
2019	(65,476)
2020	(221,317)
2021	(233,635)
2022	-
Thereafter	-
Total	<u>\$ (536,421)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)**

**C. Aggregate Pension Amounts**

For the year ended June 30, 2018, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 503,859	\$ 856,815	\$ 1,360,674
Net Pension Liability	1,669,293	655,888	2,325,181
Deferred Inflows of Resources	121,983	1,236,539	1,358,522
Pension Expense, Net of State Support	63,108	5,711	68,819

**D. Social Security/Medicare**

Employees not qualifying for coverage under the Illinois Teachers' 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 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were \$123,270, 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, 2018

**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 0.88% during the year ended June 30, 2018. For the year ended June 30, 2018, the employer paid \$91,930 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, 2018, 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, 2018

**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 transfers were made during the year:

Fund or Account	From	To
For principal and interest payments:		
Educational Account	\$ 141,031	\$ -
Debt Service Fund		141,031
For capital projects:		
Educational Account	150,000	
Operations and Maintenance Fund	65,000	
Capital Projects Fund	-	215,000
Totals	<u>\$ 356,031</u>	<u>\$ 356,031</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, 2018, 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 (TRS) of the State of Illinois

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

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 YEARS

	FY 17*	FY 16*	FY 15*	FY 14*
Employer's proportion of the net pension liability	0.002185%	0.001693%	0.001810%	0.001669%
Employer's proportionate share of the net pension liability	\$ 1,669,293	\$ 1,336,513	\$ 1,185,733	\$ 1,015,995
State's proportionate share of the net pension liability associated with the employer	<u>76,602,878</u>	<u>71,977,890</u>	<u>59,604,668</u>	<u>58,601,328</u>
Total	<u>\$78,272,171</u>	<u>\$73,314,403</u>	<u>\$60,790,401</u>	<u>\$59,617,323</u>
Employer's covered-employee payroll	\$10,394,510	\$ 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	16.06%	13.47%	12.26%	10.41%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	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 YEARS

	FY 17*	FY 16*	FY 15*	FY 14*
Contractually-required contribution	\$ 63,768	\$ 76,086	\$ 60,695	\$ 59,565
Contributions in relation to the contractually-required contribution	82,359	68,424	64,248	59,565
Contribution deficiency (excess)	\$ (18,591)	\$ 7,662	\$ (3,553)	\$ -
Employer's covered-employee payroll	\$10,394,510	\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
Contributions as a percentage of covered-employee payroll	0.613478%	0.767045%	0.627670%	0.610366%

\*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 YEARS

Calendar year ending December 31,	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 297,039	\$ 289,202	\$ 270,163	\$ 275,175
Interest on the total pension liability	976,666	926,374	873,982	793,052
Difference between expected and actual experience of the total pension liability	460,552	111,719	172,898	53,084
Changes of assumption	(451,717)	(42,210)	26,865	552,003
Benefit payments, including refunds of employee contributions	(713,449)	(622,661)	(618,975)	(533,397)
Net change in total pension liability	569,091	662,424	724,933	1,139,917
Total pension liability - beginning	13,230,417	12,567,993	11,843,060	10,703,143
Total pension liability - ending (A)	<u>\$ 13,799,508</u>	<u>\$ 13,230,417</u>	<u>\$ 12,567,993</u>	<u>\$ 11,843,060</u>
Plan fiduciary net position				
Contributions - employer	\$ 301,215	\$ 287,072	\$ 263,556	\$ 255,822
Contributions - employees	120,700	116,815	107,525	104,087
Net investment income	2,017,832	752,442	54,490	636,088
Benefit payments, including refunds of employee contributions	(713,449)	(622,661)	(618,975)	(533,397)
Other	(114,527)	70,085	99,505	44,980
Net change in plan fiduciary net position	1,611,771	603,753	(93,899)	507,580
Plan fiduciary net position - beginning	11,531,849	10,928,096	11,021,995	10,514,415
Plan fiduciary net position - ending (B)	<u>\$ 13,143,620</u>	<u>\$ 11,531,849</u>	<u>\$ 10,928,096</u>	<u>\$ 11,021,995</u>
Net pension liability - ending (A) - (B)	<u>\$ 655,888</u>	<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	95.25%	87.16%	86.95%	93.07%
Covered valuation payroll	\$ 2,682,232	\$ 2,533,735	\$ 2,389,446	\$ 2,313,039
Net pension liability as a percentage of covered valuation payroll	24.45%	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 YEARS

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 301,215	\$ 301,215	\$ -	\$ 2,682,232	11.23%
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 11.23% and covered valuation payroll of \$2,682,232.**

**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 2017 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>	26-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, 2015, 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, 2018

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 6,192,660	\$ 3,978	\$ 6,196,638
<u>Total Assets</u>	<u>\$ 6,192,660</u>	<u>\$ 3,978</u>	<u>\$ 6,196,638</u>
LIABILITIES			
Payroll deductions payable	\$ 136,123	\$ -	\$ 136,123
<u>Total Liabilities</u>	<u>136,123</u>	<u>-</u>	<u>136,123</u>
FUND BALANCES			
Unassigned	6,056,537	3,978	6,060,515
<u>Total Fund Balances</u>	<u>6,056,537</u>	<u>3,978</u>	<u>6,060,515</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 6,192,660</u>	<u>\$ 3,978</u>	<u>\$ 6,196,638</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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
<b>REVENUES RECEIVED</b>					
Local Sources:					
General tax levy	\$ 14,330,409	\$ 13,933,498	\$ -	\$ 13,933,498	\$ 14,119,092
Personal property replacement taxes	72,500	68,653	-	68,653	82,244
Summer school tuition from pupils or parents	750	2,400	-	2,400	3,450
Earnings on investments	65,000	110,838	45	110,883	98,470
Food services	180,000	177,998	-	177,998	181,220
Pupil activities	69,595	36,057	-	36,057	59,911
Textbooks	255,550	78,972	-	78,972	225,378
Contributions and donations	-	1,600	-	1,600	12,750
Refund of prior years' expenditures	26,533	88,505	-	88,505	7,661
Other	335,000	358,059	-	358,059	298,228
Total Local Sources	15,335,337	14,856,580	45	14,856,625	15,088,404
State Sources:					
Evidence based funding formula	980,000	1,712,590	-	1,712,590	942,657
Special education - private facility tuition	10,471	10,471	-	10,471	18,742
Special education - funding for children	240,183	100,183	-	100,183	148,613
Special education - personnel	542,289	197,289	-	197,289	289,603
Special education - orphanage	40,681	40,681	-	40,681	3,469
Special education - summer school	4,580	2,380	-	2,380	-
Bilingual education - downstate - TPI	396,050	129,057	-	129,057	57,635
State free lunch and breakfast	1,471	2,624	-	2,624	950
State on-behalf payments	-	7,662,158	-	7,662,158	7,185,086
Other	36,000	3,252	-	3,252	85,922
Total State Sources	2,251,725	9,860,685	-	9,860,685	8,732,677
Federal Sources:					
National school lunch program	165,000	191,703	-	191,703	179,533
School breakfast	5,000	22,541	-	22,541	18,300
Child and adult care food program	-	15	-	15	-
Commodities	-	34,620	-	34,620	35,828
Student success and enrichment	10,000	-	-	-	-
Title I - Low Income	253,759	192,082	-	192,082	130,185
Special education	592,359	519,147	-	519,147	295,309
Title III - English Language Acquisition	60,637	42,057	-	42,057	35,423
Title II - Teacher Quality	34,353	15,877	-	15,877	29,465
Medicaid administrative outreach	20,000	-	-	-	-
Medicaid matching fee-for-service	-	61,477	-	61,477	-
Total Federal Sources	1,141,108	1,079,519	-	1,079,519	724,043
Total Revenues Received	18,728,170	25,796,784	45	25,796,829	24,545,124

(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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
EXPENDITURES DISBURSED					
Instruction:					
Regular Programs:					
Salaries	\$ 5,889,997	\$ 5,825,570	\$ -	\$ 5,825,570	\$ 5,844,561
Employee benefits	1,083,208	1,077,968	-	1,077,968	1,081,855
Employee benefits-on-behalf	-	7,662,158	-	7,662,158	7,185,086
Purchased services	35,795	35,260	-	35,260	35,806
Supplies and materials	258,791	240,025	-	240,025	305,536
Capital outlay	2,334	46,692	-	46,692	-
Other objects	8,010	3,188	-	3,188	2,345
Non-capitalized equipment	-	-	-	-	163,555
Total	7,278,135	14,890,861	-	14,890,861	14,618,744
Tuition Payments to Charter Schools:					
Purchased services	16,030	-	-	-	-
Total	16,030	-	-	-	-
Special Education Programs:					
Salaries	1,847,898	1,812,825	-	1,812,825	1,774,555
Employee benefits	554,047	539,040	-	539,040	522,994
Purchased services	36,000	27,540	-	27,540	27,926
Supplies and materials	28,750	15,630	-	15,630	22,182
Capital outlay	20,000	10,703	-	10,703	9,598
Other objects	1,250	360	-	360	535
Total	2,487,945	2,406,098	-	2,406,098	2,357,790
Special Education Programs Pre K:					
Salaries	160,671	168,410	-	168,410	154,949
Employee benefits	40,577	41,507	-	41,507	45,135
Purchased services	375	-	-	-	-
Supplies and materials	11,000	9,306	-	9,306	7,787
Capital outlay	10,000	-	-	-	-
Other objects	125	-	-	-	-
Total	222,748	219,223	-	219,223	207,871
Remedial and Supplemental Programs:					
Salaries	68,559	81,619	-	81,619	80,528
Employee benefits	1,620	491	-	491	-
Purchased services	40,000	26,363	-	26,363	-
Supplies and materials	350	-	-	-	-
Total	110,529	108,473	-	108,473	80,528

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Instruction:				
CTE Programs:				
Salaries	\$ 93,159	\$ 93,159	\$ -	\$ 93,159
Employee benefits	16,598	17,833	-	17,833
Purchased services	2,900	-	-	-
Supplies and materials	11,500	7,425	-	7,425
Total	124,157	118,417	-	118,417
Interscholastic Programs:				
Salaries	134,829	135,677	-	135,677
Purchased services	6,250	6,667	-	6,667
Supplies and materials	1,750	900	-	900
Other objects	3,500	2,010	-	2,010
Total	146,329	145,254	-	145,254
Summer School Programs:				
Salaries	77,150	76,279	-	76,279
Employee benefits	1,689	-	-	-
Purchased services	3,600	2,700	-	2,700
Supplies and materials	1,500	1,086	-	1,086
Total	83,939	80,065	-	80,065
Bilingual Programs:				
Salaries	569,785	542,144	-	542,144
Employee benefits	88,734	88,057	-	88,057
Purchased services	3,850	1,823	-	1,823
Supplies and materials	5,750	8,667	-	8,667
Other objects	275	-	-	-
Total	668,394	640,691	-	640,691
Total Instruction	11,138,206	18,609,082	-	18,609,082

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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Attendance and Social Work Services:				
Salaries	\$ 291,676	\$ 296,589	\$ -	\$ 296,589
Employee benefits	35,250	46,182	-	46,182
Purchased services	32,800	15,846	-	15,846
Supplies and materials	2,500	1,425	-	1,425
Other	200	-	-	-
Total	362,426	360,042	-	360,042
Health Services:				
Salaries	411,518	409,970	-	409,970
Employee benefits	115,344	114,555	-	114,555
Purchased services	44,350	48,644	-	48,644
Supplies and materials	19,940	5,585	-	5,585
Capital outlay	10,000	2,096	-	2,096
Other	450	100	-	100
Total	601,602	580,950	-	580,950
Psychological Services:				
Salaries	231,482	242,398	-	242,398
Benefits	40,404	40,201	-	40,201
Purchased services	13,900	1,047	-	1,047
Supplies and Materials	1,750	330	-	330
Other	400	375	-	375
Total	287,936	284,351	-	284,351
Speech Pathology and Audiology Services:				
Salaries	408,022	408,022	-	408,022
Employee benefits	51,684	52,301	-	52,301
Purchased services	2,775	1,694	-	1,694
Supplies and materials	31,634	12,550	-	12,550
Capital outlay	20,000	-	-	-
Other	325	200	-	200
Total	514,440	474,767	-	474,767
Other Support Services:				
Salaries	4,500	-	-	-
Purchased services	40,000	51,596	-	51,596
Total	44,500	51,596	-	51,596

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017	
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund	Total General Fund
EXPENDITURES DISBURSED					
Support Services:					
Improvement of Instruction Services:					
Salaries	\$ 174,743	\$ 154,892	\$ -	\$ 154,892	\$ 223,508
Employee benefits	121,305	39,593	-	39,593	57,597
Purchased services	21,129	11,773	-	11,773	18,473
Supplies and materials	2,150	703	-	703	3,430
Other	4,000	1,334	-	1,334	1,195
Total	323,327	208,295	-	208,295	304,203
Educational Media Services:					
Salaries	783,734	787,330	-	787,330	757,075
Employee benefits	148,396	151,735	-	151,735	132,689
Purchased services	93,700	80,364	-	80,364	61,948
Supplies and materials	153,028	176,187	-	176,187	196,159
Capital outlay	137,500	108,074	-	108,074	20,742
Other	1,000	635	-	635	719
Non-capitalized equipment	-	-	-	-	4,797
Total	1,317,358	1,304,325	-	1,304,325	1,174,129
Assessment and Testing Services:					
Salaries	10,000	13,610	-	13,610	12,980
Purchased services	30,000	28,464	-	28,464	29,727
Total	40,000	42,074	-	42,074	42,707
Board of Education Services:					
Purchased services	36,850	28,093	-	28,093	30,883
Supplies and materials	29,500	20,233	-	20,233	8,338
Other objects	8,000	7,717	-	7,717	10,815
Total	74,350	56,043	-	56,043	50,036
Executive Administration Services:					
Salaries	307,762	307,327	-	307,327	222,298
Employee benefits	72,449	72,373	-	72,373	48,009
Purchased services	8,385	8,331	-	8,331	2,310
Supplies and materials	8,500	5,660	-	5,660	12,825
Other objects	5,000	3,246	-	3,246	2,857
Total	402,096	396,937	-	396,937	288,299

(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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Support Services:				
Tort Services:				
Purchased services	\$ 45,000	\$ 22,344	\$ -	\$ 22,344
Total	45,000	22,344	-	22,344
Office of the Principal Services:				
Salaries	852,957	855,377	-	855,377
Employee benefits	244,523	247,170	-	247,170
Purchased services	7,060	2,674	-	2,674
Supplies and materials	25,375	16,645	-	16,645
Other	3,150	1,142	-	1,142
Total	1,133,065	1,123,008	-	1,123,008
Direction of Business Services:				
Salaries	128,242	128,242	-	128,242
Employee benefits	16,611	16,610	-	16,610
Purchased services	5,700	3,557	-	3,557
Other	2,000	559	-	559
Total	152,553	148,968	-	148,968
Fiscal Services:				
Salaries	105,352	105,273	-	105,273
Employee benefits	46,479	44,504	-	44,504
Purchased services	22,100	22,247	-	22,247
Supplies and materials	3,000	1,781	-	1,781
Capital outlay	-	1,249	-	1,249
Total	176,931	175,054	-	175,054
Food Services:				
Salaries	72,499	76,652	-	76,652
Purchased services	379,500	382,941	-	382,941
Supplies and materials	3,900	37,801	-	37,801
Capital outlay	5,000	5,055	-	5,055
Total	460,899	502,449	-	502,449

(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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	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	1,500	-	-	1,221
Total	36,500	31,968	-	33,189
Planning, Research, Development and Evaluation Services:				
Purchased services	25,000	44,612	-	44,612
Total	25,000	44,612	-	25,000
Information Services:				
Purchased services	109,950	98,881	-	98,881
Supplies and materials	1,000	1,276	-	1,276
Total	110,950	100,157	-	94,634
Staff Services:				
Salaries	65,300	64,846	-	64,846
Employee benefits	61,287	48,318	-	48,318
Purchased services	38,853	30,849	-	30,849
Supplies and materials	12,350	13,664	-	13,664
Other	300	703	-	703
Total	178,090	158,380	-	153,908
Data Processing Services:				
Purchased services	27,500	26,117	-	26,117
Supplies and materials	750	4,223	-	4,223
Total	28,250	30,340	-	33,062
Other Support Services - Pupils:				
Salaries	1,500	450	-	450
Purchased services	2,250	6,126	-	6,126
Supplies and materials	-	275	-	275
Total	3,750	6,851	-	3,597
Total Support Services	6,319,023	6,103,511	-	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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Original and Final Budget	Educational Account	Working Cash Account	Total General Fund
EXPENDITURES DISBURSED				
Community Services:				
Salaries	\$ 124,983	\$ 135,077	\$ -	\$ 135,077
Employee benefits	23,240	13,734	-	13,734
Purchased services	4,750	39,253	-	39,253
Supplies and materials	7,871	5,490	-	5,490
Total Community Services	160,844	193,554	-	193,554
Payments to Other Gov't Units:				
Purchased services	215,000	220,467	-	220,467
Tuition	368,018	331,973	-	331,973
Total Payments to Other Gov't Units	583,018	552,440	-	552,440
Total Expenditures Disbursed	18,201,091	25,458,587	-	25,458,587
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	527,079	338,197	45	338,242
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(291,031)	-	(291,031)
Sale of capital assets	-	-	-	-
Capital lease	-	19,498	-	19,498
Total Other Financing Sources (Uses)	-	(271,533)	-	(271,533)
NET CHANGE IN FUND BALANCE	\$ 527,079	66,664	45	66,709
FUND BALANCE, BEGINNING OF YEAR		5,989,873	3,933	5,993,806
FUND BALANCE, END OF YEAR		\$ 6,056,537	\$ 3,978	\$ 6,060,515

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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
<b>REVENUES RECEIVED</b>			
Local Sources:			
General tax levy	\$ 14,330,409	\$ 13,933,498	\$ 14,119,092
Personal property replacement taxes	72,500	68,653	82,244
Summer school tuition from pupils or parents	750	2,400	3,450
Earnings on investments	65,000	110,838	98,442
Food services	180,000	177,998	181,220
Fees	69,595	36,057	59,911
Textbooks	255,550	78,972	225,378
Contributions and donations	-	1,600	12,750
Refund of prior years' expenditures	26,533	88,505	7,661
Other	335,000	358,059	298,228
Total Local Sources	15,335,337	14,856,580	15,088,376
State Sources:			
Evidence based funding formula	980,000	1,712,590	942,657
Special education - private facility tuition	10,471	10,471	18,742
Special education - funding for children	240,183	100,183	148,613
Special education - personnel	542,289	197,289	289,603
Special education - orphanage	40,681	40,681	3,469
Special education - summer school	4,580	2,380	-
Bilingual education - downstate - TPI	396,050	129,057	57,635
State free lunch and breakfast	1,471	2,624	950
State on-behalf payments	-	7,662,158	7,185,086
Other	36,000	3,252	85,922
Total State Sources	2,251,725	9,860,685	8,732,677
Federal Sources:			
National school lunch program	165,000	191,703	179,533
School breakfast	5,000	22,541	18,300
Child and adult care food program	-	15	-
Commodities	-	34,620	35,828
Student success and enrichment	10,000	-	-
Title I - Low Income	253,759	192,082	130,185
Special education I.D.E.A. Pre School	32,148	29,028	16,610
Special education I.D.E.A. Flow Through	560,211	490,119	265,906
Special education I.D.E.A. Room and Board	-	-	12,793
Title III - English Language Acquisition	60,637	42,057	35,423
Title II - Teacher Quality	34,353	15,877	29,465
Medicaid administrative outreach	20,000	-	-
Medicaid matching fee-for-service	-	61,477	-
Total Federal Sources	1,141,108	1,079,519	724,043
Total Revenues Received	18,728,170	25,796,784	24,545,096

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,889,997	\$ 5,825,570	\$ 5,844,561
Employee benefits	1,083,208	1,077,968	1,081,855
Employee benefits-on-behalf	-	7,662,158	7,185,086
Purchased services	35,795	35,260	35,806
Supplies and materials	258,791	240,025	305,536
Capital outlay	2,334	46,692	-
Other	8,010	3,188	2,345
Non-capitalized equipment	-	-	163,555
Total	7,278,135	14,890,861	14,618,744
Tuition Payments to Charter Schools:			
Purchased services	16,030	-	-
Total	16,030	-	-
Special Education Programs:			
Salaries	1,847,898	1,812,825	1,774,555
Employee benefits	554,047	539,040	522,994
Purchased services	36,000	27,540	27,926
Supplies and materials	28,750	15,630	22,182
Capital outlay	20,000	10,703	9,598
Other	1,250	360	535
Total	2,487,945	2,406,098	2,357,790
Special Education Programs Pre K:			
Salaries	160,671	168,410	154,949
Employee benefits	40,577	41,507	45,135
Purchased services	375	-	-
Supplies and materials	11,000	9,306	7,787
Capital outlay	10,000	-	-
Other	125	-	-
Total	222,748	219,223	207,871
Remedial and Supplemental Programs:			
Salaries	68,559	81,619	80,528
Employee benefits	1,620	491	-
Purchased services	40,000	26,363	-
Supplies and materials	350	-	-
Total	110,529	108,473	80,528

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
CTE Programs:			
Salaries	\$ 93,159	\$ 93,159	\$ 96,867
Employee benefits	16,598	17,833	11,203
Purchased services	2,900	-	-
Supplies and materials	11,500	7,425	8,366
Total	124,157	118,417	116,436
Interscholastic Programs:			
Salaries	134,829	135,677	119,716
Purchased services	6,250	6,667	5,740
Supplies and materials	1,750	900	1,302
Other	3,500	2,010	2,341
Total	146,329	145,254	129,099
Summer School Programs:			
Salaries	77,150	76,279	84,506
Employee benefits	1,689	-	-
Purchased services	3,600	2,700	9,345
Supplies and materials	1,500	1,086	399
Total	83,939	80,065	94,250
Bilingual Programs:			
Salaries	569,785	542,144	529,140
Employee benefits	88,734	88,057	82,765
Purchased services	3,850	1,823	7,500
Supplies and materials	5,750	8,667	4,948
Other	275	-	-
Total	668,394	640,691	624,353
Total Instruction	11,138,206	18,609,082	18,229,071
Support Services:			
Attendance and Social Work Services:			
Salaries	291,676	296,589	262,865
Employee benefits	35,250	46,182	28,274
Purchased services	32,800	15,846	26,652
Supplies and materials	2,500	1,425	1,419
Other	200	-	-
Total	362,426	360,042	319,210

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Health Services:			
Salaries	\$ 411,518	\$ 409,970	\$ 402,097
Employee benefits	115,344	114,555	110,289
Purchased services	44,350	48,644	27,356
Supplies and materials	19,940	5,585	14,243
Capital outlay	10,000	2,096	6,384
Other	450	100	85
Total	601,602	580,950	560,454
Psychological Services:			
Salaries	231,482	242,398	224,195
Benefits	40,404	40,201	38,384
Purchased services	13,900	1,047	2,140
Supplies and Materials	1,750	330	206
Other	400	375	409
Total	287,936	284,351	265,334
Speech Pathology and Audiology Services:			
Salaries	408,022	408,022	442,645
Employee benefits	51,684	52,301	49,107
Purchased services	2,775	1,694	1,549
Supplies and materials	31,634	12,550	9,577
Capital outlay	20,000	-	-
Other	325	200	100
Total	514,440	474,767	502,978
Other Support Services:			
Salaries	4,500	-	-
Purchased services	40,000	51,596	37,689
Total	44,500	51,596	37,689
Improvement of Instruction Services:			
Salaries	174,743	154,892	223,508
Employee benefits	121,305	39,593	57,597
Purchased services	21,129	11,773	18,473
Supplies and materials	2,150	703	3,430
Other	4,000	1,334	1,195
Total	323,327	208,295	304,203

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Educational Media Services:			
Salaries	\$ 783,734	\$ 787,330	\$ 757,075
Employee benefits	148,396	151,735	132,689
Purchased services	93,700	80,364	61,948
Supplies and materials	153,028	176,187	196,159
Capital outlay	137,500	108,074	20,742
Other	1,000	635	719
Non-capitalized equipment	-	-	4,797
Total	1,317,358	1,304,325	1,174,129
Assessment and Testing Services:			
Salaries	10,000	13,610	12,980
Supplies and materials	30,000	28,464	29,727
Total	40,000	42,074	42,707
Board of Education Services:			
Purchased services	36,850	28,093	30,883
Supplies and materials	29,500	20,233	8,338
Other	8,000	7,717	10,815
Total	74,350	56,043	50,036
Executive Administration Services:			
Salaries	307,762	307,327	222,298
Employee benefits	72,449	72,373	48,009
Purchased services	8,385	8,331	2,310
Supplies and materials	8,500	5,660	12,825
Other	5,000	3,246	2,857
Total	402,096	396,937	288,299
Tort Services:			
Purchased services	45,000	22,344	12,374
Total	45,000	22,344	12,374

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Office of the Principal Services:			
Salaries	\$ 852,957	\$ 855,377	\$ 840,379
Employee benefits	244,523	247,170	228,442
Purchased services	7,060	2,674	4,580
Supplies and materials	25,375	16,645	665
Other	3,150	1,142	2,037
Total	1,133,065	1,123,008	1,076,103
Direction of Business Services:			
Salaries	128,242	128,242	123,310
Employee benefits	16,611	16,610	15,844
Purchased services	5,700	3,557	1,675
Other	2,000	559	604
Total	152,553	148,968	141,433
Fiscal Services:			
Salaries	105,352	105,273	102,040
Employee benefits	46,479	44,504	43,087
Purchased services	22,100	22,247	26,371
Supplies and materials	3,000	1,781	2,249
Capital outlay	-	1,249	-
Total	176,931	175,054	173,747
Food Services:			
Salaries	72,499	76,652	72,499
Purchased services	379,500	382,941	455,870
Supplies and materials	3,900	37,801	27,785
Capital outlay	5,000	5,055	-
Total	460,899	502,449	556,154
Internal Services:			
Purchased services	35,000	31,968	31,968
Supplies and materials	1,500	-	1,221
Total	36,500	31,968	33,189

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Planning, Research, Development and Evaluation Services:			
Purchased services	\$ 25,000	\$ 44,612	\$ 25,000
Total	25,000	44,612	25,000
Information Services:			
Purchased services	109,950	98,881	93,131
Supplies and materials	1,000	1,276	1,503
Total	110,950	100,157	94,634
Staff Services:			
Salaries	65,300	64,846	77,328
Employee benefits	61,287	48,318	41,964
Purchased services	38,853	30,849	16,170
Supplies and materials	12,350	13,664	18,446
Other	300	703	-
Total	178,090	158,380	153,908
Data Processing:			
Purchased services	27,500	26,117	32,368
Supplies and materials	750	4,223	694
Total	28,250	30,340	33,062
Other Support Services:			
Salaries	1,500	450	1,140
Purchased services	2,250	6,126	1,910
Supplies and materials	-	275	547
Total	3,750	6,851	3,597
Total Support Services	6,319,023	6,103,511	5,848,240
Community Services:			
Salaries	124,983	135,077	119,082
Employee benefits	23,240	13,734	21,818
Purchased services	4,750	39,253	3,091
Supplies and materials	7,871	5,490	6,182
Total Community Services	160,844	193,554	150,173

(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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Payments to Other Gov't Units:			
Purchased services	\$ 215,000	\$ 220,467	\$ 212,132
Tuition	368,018	331,973	411,568
Total Payments to Other Gov't Units	583,018	552,440	623,700
Total Expenditures Disbursed	18,201,091	25,458,587	24,851,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	527,079	338,197	(306,088)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(291,031)	(190,206)
Sale of capital assets	-	-	10,844
Capital lease	-	19,498	163,555
Total Other Financing Sources (Uses)	-	(271,533)	(15,807)
NET CHANGE IN FUND BALANCE	\$ 527,079	66,664	(321,895)
FUND BALANCE, BEGINNING OF YEAR		5,989,873	6,311,768
FUND BALANCE, END OF YEAR		\$ 6,056,537	\$ 5,989,873

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, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

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	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ 15	\$ 45	\$ 28
Total Local Sources	15	45	28
Total Revenues Received	15	45	28
EXPENDITURES DISBURSED			
Total Expenditures	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 15</u>	45	28
FUND BALANCE, BEGINNING OF YEAR		3,933	3,905
FUND BALANCE, END OF YEAR		<u>\$ 3,978</u>	<u>\$ 3,933</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, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,552,013	\$ 1,558,141	\$ 1,435,954
Earnings on investments	3,500	9,243	5,159
Rentals	75,000	111,872	35,282
Contributions and donations	3,500	3,525	16,621
Impact fees	4,500	15,776	10,589
Payments of surplus monies from TIF district	3,500	-	-
Payments from other districts	25,000	-	27,542
Refund of prior years' expenditures	-	87	100
Other	-	1,741	88
Total Local Sources	1,667,013	1,700,385	1,531,335
State Sources:			
Other grants	-	-	20,296
Total Revenues Received	1,667,013	1,700,385	1,551,631
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Services:			
Salaries	712,804	704,946	688,576
Benefits	136,673	136,417	135,653
Purchased services	308,256	293,407	292,548
Supplies and materials	221,693	206,756	206,895
Capital outlay	151,100	80,957	133,097
Other objects	670	280	270
Total Support Services	1,531,196	1,422,763	1,457,039
Total Expenditures Disbursed	1,531,196	1,422,763	1,457,039
EXCESS OF REVENUES OVER EXPENDITURES	135,817	277,622	94,592
OTHER FINANCING (USES)			
Transfers out	-	(65,000)	-
Total Other Financing (Uses)	-	(65,000)	-
NET CHANGE IN FUND BALANCE	\$ 135,817	212,622	94,592
FUND BALANCE, BEGINNING OF YEAR		668,450	573,858
FUND BALANCE, END OF YEAR		\$ 881,072	\$ 668,450



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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,166,171	\$ 1,187,985	\$ 1,181,917
Earnings on investments	1,750	3,872	2,294
Total Local Sources	1,167,921	1,191,857	1,184,211
Total Revenues Received	1,167,921	1,191,857	1,184,211
EXPENDITURES DISBURSED			
Debt Service:			
Principal	1,031,767	972,437	979,962
Interest	342,012	326,006	352,257
Other	-	950	950
Total Debt Service	1,373,779	1,299,393	1,333,169
Total Expenditures Disbursed	1,373,779	1,299,393	1,333,169
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(205,858)	(107,536)	(148,958)
OTHER FINANCING SOURCES			
Transfers in	-	141,031	190,206
Total Other Financing Sources	-	141,031	190,206
NET CHANGE IN FUND BALANCE	\$ (205,858)	33,495	41,248
FUND BALANCE, BEGINNING OF YEAR		455,535	414,287
FUND BALANCE, END OF YEAR		\$ 489,030	\$ 455,535

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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 980,725	\$ 1,120,551	\$ 935,254
Earnings on investments	2,250	9,770	5,203
Other	18,000	18,000	-
Total Local Sources	1,000,975	1,148,321	940,457
State Sources:			
Transportation aid - regular	244,735	276,966	136,135
Transportation aid - special education	176,963	225,217	139,409
Total State Sources	421,698	502,183	275,544
Total Revenues Received	1,422,673	1,650,504	1,216,001
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	26,000	22,852	22,842
Purchased services	1,226,355	1,275,462	978,712
Supplies and materials	85,000	71,616	70,164
Other Support Services:			
Purchased services	2,500	-	-
Total Support Services	1,339,855	1,369,930	1,071,718
Payments to Other Gov't Units:			
Purchased services	115,000	66,645	107,959
Total Expenditures Disbursed	1,454,855	1,436,575	1,179,677
NET CHANGE IN FUND BALANCE	<u>\$ (32,182)</u>	213,929	36,324
FUND BALANCE, BEGINNING OF YEAR		637,424	601,100
FUND BALANCE, END OF YEAR		<u>\$ 851,353</u>	<u>\$ 637,424</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
 MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
 SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND  
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2018  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 232,977	\$ 293,747	\$ 290,362
FICA/Medicare levy	232,977	293,747	290,362
Personal property replacement taxes	1,175	1,000	1,000
Earnings on investments	-	2,660	2,286
Total Local Sources	467,129	591,154	584,010
Total Revenues Received	467,129	591,154	584,010
EXPENDITURES DISBURSED			
Instruction - Employee benefits	257,406	274,720	274,843
Support Services - Employee benefits	371,160	381,018	368,207
Community Services - Employee benefits	7,159	14,833	13,337
Total Expenditures Disbursed	635,725	670,571	656,387
NET CHANGE IN FUND BALANCE	\$ (168,596)	(79,417)	(72,377)
FUND BALANCE, BEGINNING OF YEAR		111,548	183,925
FUND BALANCE, END OF YEAR		\$ 32,131	\$ 111,548

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, 2018  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ -	\$ 216	\$ 31
Total Local Sources	-	216	31
Total Revenues Received	-	216	31
EXPENDITURES DISBURSED			
Total Expenditures Disbursed	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	216	31
OTHER FINANCING SOURCES			
Transfers in	-	215,000	-
Total Other Financing Sources	-	215,000	-
NET CHANGE IN FUND BALANCE	\$ -	215,216	31
FUND BALANCE, BEGINNING OF YEAR		5,729	5,698
FUND BALANCE, END OF YEAR		220,945	\$ 5,729

## 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, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018		2017
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 206,593	\$ 204,635	\$ 179,722
Earnings on investments	15	255	6
Refund of prior years' expenditures	10,000	3,241	9,150
Total Local Sources	216,608	208,131	188,878
Total Revenues Received	216,608	208,131	188,878
EXPENDITURES DISBURSED			
Support Services:			
General Administration:			
Worker's compensation			
Purchased services	99,441	99,441	114,654
Unemployment insurance			
Purchased services	3,500	490	1,830
General insurance:			
Purchased services	58,500	57,771	55,022
Total Support Services	161,441	157,702	171,506
Total Expenditures Disbursed	161,441	157,702	171,506
NET CHANGE IN FUND BALANCE	\$ 55,167	50,429	17,372
FUND BALANCE, BEGINNING OF YEAR		29,636	12,264
FUND BALANCE, END OF YEAR		\$ 80,065	\$ 29,636

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
ACTIVITY FUNDS  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2018
<b>ASSETS</b>				
Cash and investments in custody of School District	\$ 45,719	\$ 137,496	\$ 108,674	\$ 74,541
<b>LIABILITIES</b>				
Amount Due To Activity:				
<b>MacArthur</b>				
Library fines	\$ 677	\$ -	\$ -	\$ 677
Student senate	3,666	6,545	6,626	3,585
Industrial arts	1,036	350	-	1,386
Drama	7,580	1,938	3,963	5,555
Pom-Pom	124	2,202	2,252	74
Yearbook	(417)	417	-	-
Eighth grade	1,515	14,459	15,593	381
Field trips	3,627	11,934	15,051	510
J. Szymanski	1,840	625	798	1,667
Student incentives	1,659	309	127	1,841
Home economics	301	272	89	484
Basketball	878	1,230	1,217	891
Track	2,542	724	831	2,435
Wrestling fund	2,031	1,049	671	2,409
Volleyball	1,184	1,510	1,596	1,098
Art	325	325	349	301
Charitable fund	1,410	736	1,078	1,068
Student spirit purchases	-	-	309	(309)
<b>Eisenhower</b>				
Field trips	22	5,222	5,277	(33)
Charitable fund	76	654	654	76
Book fair and library books	301	5,606	7,413	(1,506)
Needy family	699	200	-	899
<b>Sullivan</b>				
Field trips	2,505	3,048	3,534	2,019
STEAM	307	-	-	307
Lego Robots	42	900	838	104
Plays	1,636	3,013	2,315	2,334
Charitable	-	1,754	1,754	-
Library	2,868	8,779	8,333	3,314
Needy family	590	200	173	617

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED  
ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Cash Balance July 1, 2017	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2018
<b>LIABILITIES</b>				
Amount due to Activity: (Cont'd)				
<b>Ross</b>				
Field trips	\$ 1,436	\$ 9,098	\$ 9,529	\$ 1,005
Library book	881	9,959	9,170	1,670
Needy family	3,084	327	354	3,057
Charitable	136	789	789	136
STEAM	922	10	-	932
Student spirit purchases	-	1,790	1,780	10
Due to District	-	40,205	6,211	33,994
Interest earned account	236	1,317	-	1,553
Total Amount Due To Activity	<u>\$ 45,719</u>	<u>\$ 137,496</u>	<u>\$ 108,674</u>	<u>\$ 74,541</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST  
JUNE 30, 2018

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	
12/15/18		\$ 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>\$ 5,400,000</u>	<u>\$ 612,800</u>	<u>\$ 6,012,800</u>



PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST  
JUNE 30, 2018

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	
12/01/18		\$ -	\$ 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>\$ 449,666</u>	<u>\$ 2,589,666</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
 SCHEDULE OF PER CAPITA TUITION CHARGE  
 AND AVERAGE DAILY ATTENDANCE  
 JUNE 30, 2018

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	Year Ended June 30,		
	2018	2017	2016
Allowable Expenses	<u>\$ 18,510,376</u>	<u>\$ 18,629,337</u>	<u>\$ 18,171,817</u>
Average Daily Attendance	<u>1,425.47</u>	<u>1,438.51</u>	<u>1,439.46</u>
Per Capita Tuition Charge	<u>\$ 12,985</u>	<u>\$ 12,950</u>	<u>\$ 12,624</u>

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23  
NOTES TO OTHER INFORMATION  
JUNE 30, 2018

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

*Changes of Assumptions*

For the 2017 and 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 13, 2017.

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 \$25,458,587 exceeded budgeted expenditures of \$18,201,091 by a difference of \$7,257,496. The District recognized, but did not budget for, revenue of \$7,662,158 in on-behalf payments to offset expenditures of \$7,662,158. After considering on-behalf revenue and expenditures, Educational Account expenditures were under budgeted expenditures.

The District over-expended its budget in the Municipal Retirement/Social Security Fund; actual expenditures of \$670,571 exceeded budgeted expenditures of \$635,725 by a difference of \$34,846.