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

JUNE 30, 2020

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**CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS**Telephone (847) 221-5700
Facsimile (847) 221-57011875 Hicks Road
Rolling Meadows, Illinois 60008**INDEPENDENT AUDITOR'S REPORT**Board of Education
Prospect Heights School District No. 23
Prospect Heights, Illinois**Report on the Financial Statements**

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, 2020, 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, 2020, 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 **Xxxxxxx xx, 2020**, 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

Xxxxxxx xx, 2020
Rolling Meadows, Illinois
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OTHER INFORMATION
Management's Discussion and Analysis

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The Management's Discussion and Analysis of Prospect Heights School District 23's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020. 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, 2020, by \$18,134,120 (net position).
- The District's total net position decreased by \$295,832.
- The State of Illinois employer pension contributions "on-behalf" of the District are recorded for both revenue and expenditures and therefore do not affect the ending fund balance in the Educational Account.
- It should be noted that in order to comply with GASB, the Educational and Working Cash Accounts have been combined into the General Fund for purposes of the audit only. The District continues to delineate their revenue and expenditures in compliance with the Illinois State Board of Education – Illinois Program Accounting Manual for operating purposes.
- The District ended the fiscal year with expenditures exceeding revenues 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.

Overview of the Financial Statements

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

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

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

Included as revenue and expense in the Educational Account (and Total) is the annual "on-behalf" payment by the State to the Teachers' Retirement System (TRS) discussed elsewhere in this audit report. The District did not budget for the on-behalf payment in fiscal year 2019-2020. 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, 2020, and 2019:

	Governmental Activities	
	2020	2019
Assets:		
Current Assets	\$ 9,617,983	\$ 11,847,224
Capital Assets (Less Depreciation)	17,490,422	16,457,296
Total Assets	27,108,405	28,304,520
Liabilities:		
Current Liabilities	106,954	129,763
Noncurrent Liabilities	8,867,331	9,744,805
Total Liabilities	8,974,285	9,874,568
Net Position:		
Net Investment in Capital Assets	10,305,144	6,712,491
Restricted	5,071,574	6,092,714
Unrestricted	2,757,402	5,624,747
Total Net Position	\$ 18,134,120	\$ 18,429,952

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 \$18,134,120.

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, \$1,066,223; Transportation Fund, \$1,447,020; Municipal Retirement/Social Security Fund, \$153,617; Debt Service Fund, \$511,325; Capital Projects Fund, \$1,682,053; and the Tort Fund, \$211,336. The District's total restricted net position at the end of the fiscal year totaled \$5,071,574. There were no significant changes affecting restrictions, commitments, or other limitations to the availability of fund resources for future use.

The following is a summary of the District's change in net position for the years ended June 30, 2020, and 2019:

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	\$ 850,785	\$ 1,163,952
Operating grants	11,992,270	7,711,497
General Revenues:		
Property taxes	18,960,802	19,029,249
Personal property replacement taxes	82,482	75,352
Evidence based funding formula	1,805,832	1,753,620
Unrestricted investment earnings	269,858	298,869
Other	-	271,996
Total Revenues	<u>33,962,029</u>	<u>30,304,535</u>
Expenses:		
Instruction	21,744,931	17,492,286
Support services	10,399,801	9,861,746
Community services	224,279	222,583
Payments to other gov't units	615,290	528,313
Interest and fees on long-term debt	372,932	472,370
Depreciation (unallocated)	900,628	838,764
Total Expenditures	<u>34,257,861</u>	<u>29,416,062</u>
Change in Net Position	(295,832)	888,473
Net Position - Beginning	<u>18,429,952</u>	<u>17,541,479</u>
Net Position - Ending	<u>\$ 18,134,120</u>	<u>\$ 18,429,952</u>

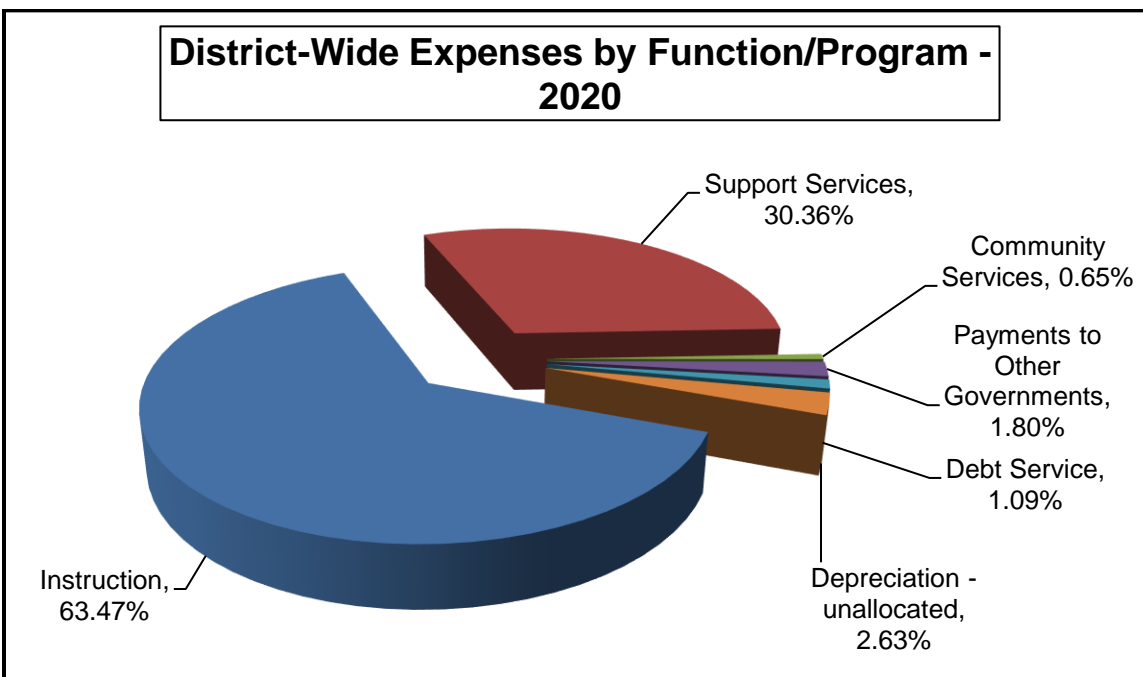
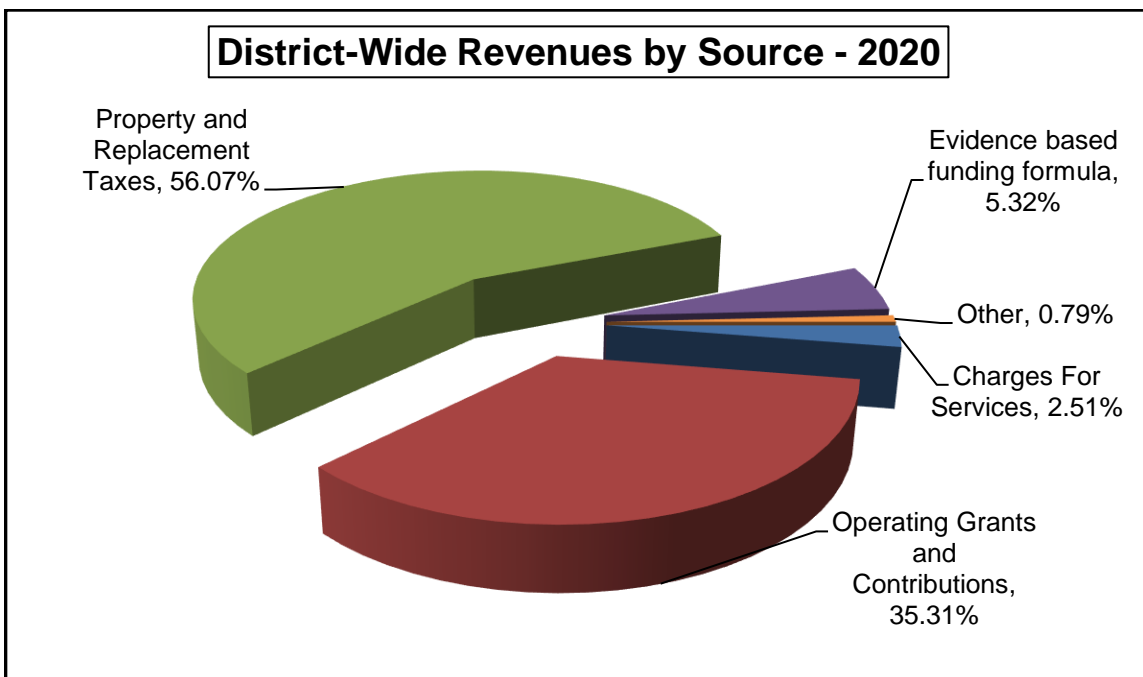
Change in Net Position: The District's combined net position decreased by \$295,832 to \$18,134,120 in fiscal year 2020.

The District's total revenues were \$33,962,029 for governmental activities. Local taxes (predominantly real estate taxes) were \$19,043,284 or 56.07% of the total. Charges for services were \$850,785 or 2.51%. State and federal funding and grants were \$11,992,270 or 35.31% of the total. Evidence based funding formula was \$1,805,832 or 5.32%. Unrestricted investments earned and other of \$269,858 or 0.79%.

The 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 \$34,257,861. 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.

Functions/Programs	2020	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 21,744,931	\$ 8,369,492
Support services	10,399,801	8,856,495
Community services	224,279	224,279
Payments to other gov't units	615,290	615,290
Debt service	372,932	372,932
Depreciation (unallocated)	900,628	900,628
Total Expenses	\$ 34,257,861	\$ 19,339,116

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 \$9,511,029. Overall, the District had a decrease in Fund Balance for the 2019-2020 Fiscal Year in the amount of \$2,206,432 in comparison to the previous year.

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

General Fund:

Educational Account

- Fund balance decreased by \$1,456,045, resulting in an ending fund balance of \$4,008,191.
- The District transferred out \$52,048 to the Debt Service Fund for payment of capital lease principal and interest payments.

Working Cash Account

- Fund balance increased by \$270,753.

Operations and Maintenance Fund

- Fund balance increased by \$164,964, resulting in an ending fund balance of \$1,066,223.

Capital Projects Fund

- Fund balance decreased by \$1,706,461, resulting in an ending fund balance of \$1,682,053.

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 \$468,309.

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 \$10,160,725. The reason for this over-expenditure is due to the District not budgeting for actual on-behalf payments of \$10,048,993 to the State.

Capital Asset and Debt Administration

Capital Assets:

The District invested \$1,933,754 in capital assets, including school buildings, technology, and equipment during the 2020 fiscal year. Total depreciation expense for the year was \$900,628, with accumulated depreciation of \$8,070,128 resulting in depreciable capital assets after depreciation of \$17,084,484.

Non-depreciable capital assets are made up of land accounted for \$405,938 in capital assets, resulting in total capital assets on June 30, 2020, of \$17,490,422. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets (Net of Depreciation)			
Functions/Programs	2020	2019	Percentage Change
Land	\$ 405,938	\$ 405,938	0.00%
Construction in Progress	-	125,464	100.00%
Land Improvements	360,878	393,424	-8.27%
Buildings and Improvements	15,896,559	14,633,039	8.63%
Equipment and Furniture	812,895	879,159	-7.54%
Transportation	14,152	20,272	-30.19%
Totals	<u>\$ 17,490,422</u>	<u>\$ 16,457,296</u>	6.28%

Long-term Debt:

At year-end, the District had 8,867,331 in general obligation bonds and other long-term debt outstanding. 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	2020	2019	Percentage Change
General Obligation Bonds	\$ 8,705,000	\$ 9,540,000	-8.75%
Capital Leases	162,331	204,805	-20.74%
Totals	<u>\$ 8,867,331</u>	<u>\$ 9,744,805</u>	-9.00%

Factors bearing on the District's Future

The Board of Education and the Prospect Heights Education Association are in the second year of a four-year agreement that commenced on July 1, 2019, and expires on June 30, 2023. 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 continue their meetings within 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.

Following a full evaluation and cost comparison of custodial outsourcing and contract negotiations with the custodial bargaining unit, the Board of Education and the Service Employees International Union Local No. 73, representatives of the District's custodians, agreed to a three-year agreement which commenced July 1, 2020, and expires on June 30, 2023. 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.

In March, 2020, the District was forced to make significant changes in its operations due to the COVID-19 pandemic. As all schools closed their doors and continued educating students remotely, the District worked to meet the needs of its students with some Federal Assistance. The District received a one-time allocation for approximately \$125,000 in CARES Act funding which allowed for the expansion of the 1:1 iPad Program in an effort to provide resources to support remote learning across all grade levels, K-8. The focus of the iPad Program continues to be instruction, professional development, data privacy, and providing the tools necessary to support student learning, even in a fully remote environment. The District continues to evaluate network infrastructure and connectivity enhancements as the equipment is aging for replacement cycles by leveraging eRate funding. Additionally, as the District has now fully updated the current analog phone system to a digital phone system, the District is now completing the process of replacing teacher devices. Funds are to be received by the District in FY2021.

As students and families were facing a "new normal" of remote learning and tightening budgets at home, public schools in Illinois were asked by the Illinois State Board of Education to assist with the provision of meals for all children under the age of 18 for the remainder of the school year and well into the summer. While District 23 had not previously participated in the Summer Food Service Program, waivers for District participation were extended, making full reimbursement of distributed meals, a reality. Through volunteer assistance and the ongoing partnership with its food service providers, District 23 was able to continue this valuable service and even realize a profit through the operation of this program.

The Illinois State Board of Education also asked that districts look to re-negotiate service contracts as able, in order to keep school contractors and their employees "whole" during the unprecedented closures. In cooperation with Wheeling, CCSD21, the District was able to re-negotiate its transportation contract with vendor, First Student, agreeing to pay 40% of all route costs through the end of the school year. This rate of payment was significantly lower than most of the neighboring districts and left the remaining years of the contract in place with no additional escalations. So while FY2020 showed another year of projected significant increases, building closures and remote learning coupled with the re-negotiated agreement allowed the District to realize an overall savings.

Moving forward into FY2021, the District was successful in negotiating a two-year extension with First Student allowing for minimal increases of 4.5% in 2020-21 and 3% in 2021-22 over the daily route cost with First Student. Through the implementation of community stops, and the continued review and consolidation of routes, we hope to see expenditures level out in FY2021.

In FY2020, the District allowed for 75% of unexpended building allocations to be carried over and used for classroom improvements. These funds were accounted for in the budget and approved by the Board of Education. Moving forward into FY2021, funds are to be spent within the fiscal year, with new allocations discussed in the budgetary development process. Every effort will be made to eliminate the fiscal year crossover of expenditures. The one exception will be capital projects and facility improvements that may take place over the summer. Those projects have been 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 FY2020 budget.

Revenue in the District grew at approximately the same pace as the expenditures due to the final receipts from Fiscal Year 2019 from the State of Illinois, being received after June 30, 2019 and a small increase in monies received under the new "Evidence Based Funding" model adopted in FY2019 for general state aid. For FY2021, Evidence Based Funding dollars are projected to be flat as is 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 work towards a balanced budget for FY2021 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.

Lastly, Prospect Heights School District 23 is still involved in construction litigation against its former architect firm, Studio GC, and is seeking to recover the cost of retrofitting its HVAC systems to address humidity issues in District 23 buildings. Administration will continue to keep the Board updated as the litigation progresses throughout the year.

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 funding it receives. If you have questions about this report, or need additional financial information, contact the Business Office at 700 North Schoenbeck Road, Prospect Heights, IL or 847-870-5552.

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BASIC FINANCIAL STATEMENTS

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2020

EXHIBIT A

DRAFT

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,617,983
Capital assets not being depreciated:	
Land	405,938
Capital assets, net of accumulated depreciation:	
Buildings and improvements	15,896,559
Land improvements	360,878
Transportation equipment	14,152
Equipment	812,895
	<hr/>
Total Assets	27,108,405
	<hr/>
LIABILITIES	
Payroll deductions payable	106,954
Non-current liabilities:	
Due within one year	909,469
Due in more than one year	7,957,862
	<hr/>
Total Liabilities	8,974,285
	<hr/>
NET POSITION	
Net investment in capital assets	10,305,144
Restricted	5,071,574
Unrestricted	2,757,402
	<hr/>
Total Net Position	\$ 18,134,120
	<hr/> <hr/>

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, 2020

EXHIBIT B

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FUNCTIONS/ PROGRAMS	Expenses Disbursed	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 21,744,931	\$ 608,585	\$ 10,691,164	\$ -	\$ (10,445,182)
Support services	10,399,801	242,200	1,301,106	-	(8,856,495)
Community services	224,279	-	-	-	(224,279)
Payments to other gov't units	615,290	-	-	-	(615,290)
Debt Service:					
Interest and other	372,932	-	-	-	(372,932)
Depreciation - unallocated	900,628	-	-	-	(900,628)
Total Governmental Activities	\$ 34,257,861	\$ 850,785	\$ 11,992,270	\$ -	(21,414,806)
GENERAL REVENUES RECEIVED:					
Taxes:					
					17,766,230
					1,194,572
					82,482
					1,805,832
					269,858
					21,118,974
					(295,832)
					18,429,952
					\$ 18,134,120

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, 2020

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
ASSETS				
Cash and investments	\$ 4,546,473	\$ 1,066,123	\$ 511,325	\$ 1,447,056
Total Assets	\$ 4,546,473	\$ 1,066,123	\$ 511,325	\$ 1,447,056
LIABILITIES				
Payroll deductions payable	\$ 107,018	\$ (100)	\$ -	\$ 36
Total Liabilities	107,018	(100)	-	36
FUND BALANCES				
Restricted	-	1,066,223	511,325	1,447,020
Unassigned	4,439,455	-	-	-
Total Fund Balances	4,439,455	1,066,223	511,325	1,447,020
Total Liabilities and Fund Balances	\$ 4,546,473	\$ 1,066,123	\$ 511,325	\$ 1,447,056

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>\$ 153,617</u>	<u>\$ 1,682,053</u>	<u>\$ 211,336</u>	<u>\$ 9,617,983</u>
<u>\$ 153,617</u>	<u>\$ 1,682,053</u>	<u>\$ 211,336</u>	<u>\$ 9,617,983</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,954</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>106,954</u>
153,617	1,682,053	211,336	5,071,574
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,439,455</u>
<u>153,617</u>	<u>1,682,053</u>	<u>211,336</u>	<u>9,511,029</u>
<u>\$ 153,617</u>	<u>\$ 1,682,053</u>	<u>\$ 211,336</u>	<u>\$ 9,617,983</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

Total fund balances-governmental funds (Exhibit C) \$ 9,511,029

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	21,628,628	
Equipment	2,648,301	
Transportation equipment	<u>88,962</u>	
Total cost of capital assets	25,560,550	
Accumulated depreciation		<u>(8,070,128)</u>
Net capital assets		17,490,422

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	\$ (162,331)	
Bonds payable	<u>(8,705,000)</u>	<u>(8,867,331)</u>
Total net position - governmental activities (Exhibit A)		<u><u>\$ 18,134,120</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
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
REVENUES				
Local Sources:				
General tax levies	\$ 13,930,435	\$ 1,623,645	\$ 1,194,572	\$ 1,241,640
Personal property replacement taxes	81,482	-	-	-
Summer school tuition from pupils or parents	100	-	-	-
Earnings on investments	164,066	21,516	9,838	27,897
Food services	147,612	-	-	-
Pupil activities	53,970	-	-	-
Textbooks	242,852	-	-	-
Rentals	-	94,245	-	-
Refund of prior years' expenditures	10,317	-	-	-
Other	301,346	343	-	-
State Sources	11,893,492	-	-	500,999
Federal Sources	1,403,611	-	-	-
Total Revenues	28,229,283	1,739,749	1,204,410	1,770,536
EXPENDITURES				
Current:				
Instruction				
Regular programs	17,236,113	-	-	-
Special education programs	2,528,762	-	-	-
Special education programs - pre-K	269,957	-	-	-
Remedial and supplemental programs	78,060	-	-	-
CTE programs	120,079	-	-	-
Interscholastic programs	153,740	-	-	-
Summer school programs	55,335	-	-	-
Bilingual programs	713,406	-	-	-
Special Education private tuition	323,743	-	-	-
Support Services				
Attendance and social work services	399,172	-	-	-
Health services	707,248	-	-	-
Psychological services	384,709	-	-	-
Speech pathology/audiology services	537,514	-	-	-
Other support services - pupils	32,067	-	-	-
Improvement of instruction services	685,267	-	-	-
Educational media services	1,297,880	-	-	-
Assessment and testing services	12,443	-	-	-
Board of Education services	43,340	-	-	-
Executive administration services	346,591	-	-	-

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Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ 748,776	\$ -	\$ 221,734	\$ 18,960,802
1,000	-	-	82,482
-	-	-	100
4,704	38,694	3,143	269,858
-	-	-	147,612
-	-	-	53,970
-	-	-	242,852
-	-	-	94,245
-	-	-	10,317
-	-	-	301,689
-	-	-	12,394,491
-	-	-	1,403,611
<u>754,480</u>	<u>38,694</u>	<u>224,877</u>	<u>33,962,029</u>

77,851	-	-	17,313,964
157,877	-	-	2,686,639
-	-	-	269,957
6,096	-	-	84,156
1,437	-	-	121,516
2,534	-	-	156,274
2,366	-	-	57,701
17,575	-	-	730,981
-	-	-	323,743
4,810	-	-	403,982
89,154	-	-	796,402
4,515	-	-	389,224
6,393	-	-	543,907
-	-	-	32,067
11,944	-	-	697,211
40,566	-	-	1,338,446
-	-	-	12,443
-	-	-	43,340
10,542	-	-	357,133

(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, 2020

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
Support services (Continued)				
Tort services	\$ 82,409	\$ -	\$ -	\$ -
Office of the principal services	1,136,898	-	-	-
Direction of business services	176,958	-	-	-
Fiscal services	201,116	-	-	-
Facilities and acquisition	-	-	-	-
Operations and maintenance of plant services	-	1,484,758	-	-
Pupil transportation services	-	-	-	1,295,186
Food services	671,014	-	-	-
Internal services	28,020	-	-	-
Planning, research, development and evaluation services	25,000	-	-	-
Information services	118,533	-	-	-
Staff services	131,799	-	-	-
Data processing services	22,399	-	-	-
Other support services - central	16,855	-	-	-
Community services	205,452	-	-	-
Payments to other gov't units	514,056	-	-	101,234
Capital outlay	116,937	90,027	-	-
Debt Service:				
Principal	-	-	877,474	-
Interest	-	-	370,283	-
Other	-	-	2,649	-
	<u>29,372,872</u>	<u>1,574,785</u>	<u>1,250,406</u>	<u>1,396,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,143,589)</u>	<u>164,964</u>	<u>(45,996)</u>	<u>374,116</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,345	-	-	-
Transfers in	-	-	52,048	-
Transfers out	(52,048)	-	-	-
	<u>(41,703)</u>	<u>-</u>	<u>52,048</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,185,292)</u>	<u>164,964</u>	<u>6,052</u>	<u>374,116</u>
FUND BALANCE, JULY 1, 2019	<u>5,624,747</u>	<u>901,259</u>	<u>505,273</u>	<u>1,072,904</u>
FUND BALANCE, JUNE 30, 2020	<u>\$ 4,439,455</u>	<u>\$ 1,066,223</u>	<u>\$ 511,325</u>	<u>\$ 1,447,020</u>

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

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Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ -	\$ -	\$ 149,674	\$ 232,083
55,761	-	-	1,192,659
1,855	-	-	178,813
20,004	-	-	221,120
-	18,365	-	18,365
136,578	-	-	1,621,336
1,137	-	-	1,296,323
7,534	-	-	678,548
-	-	-	28,020
-	-	-	25,000
-	-	-	118,533
14,050	-	-	145,849
-	-	-	22,399
88	-	-	16,943
18,827	-	-	224,279
-	-	-	615,290
-	1,726,790	-	1,933,754
-	-	-	877,474
-	-	-	370,283
-	-	-	2,649
689,494	1,745,155	149,674	36,178,806
64,986	(1,706,461)	75,203	(2,216,777)
-	-	-	10,345
-	-	-	52,048
-	-	-	(52,048)
-	-	-	10,345
64,986	(1,706,461)	75,203	(2,206,432)
88,631	3,388,514	136,133	11,717,461
\$ 153,617	\$ 1,682,053	\$ 211,336	\$ 9,511,029

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, 2020

Total net change in fund balances-governmental funds (Exhibit D) \$ (2,206,432)

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	\$ 1,933,754	
Depreciation expense	<u>(900,628)</u>	
Capital outlay in excess of depreciation expense		1,033,126

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	42,474	
Principal paid on bonds	<u>835,000</u>	
Total principal paid		<u>877,474</u>

Change in net position of governmental activities (Exhibit B) \$ (295,832)

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, 2020

EXHIBIT E

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	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 37,014</u>
Total Assets	<u><u>\$ 37,014</u></u>
LIABILITIES	
Due to organizations	<u>\$ 37,014</u>
Total Liabilities	<u><u>\$ 37,014</u></u>

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

B. Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

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

Governmental Fund Types

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

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

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

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

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

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

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

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

Major and Nonmajor Funds

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

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

The District considers all of 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.

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:

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, \$1,066,223; Debt Service Fund, \$511,325; Transportation Fund, \$1,447,020; Municipal Retirement/Social Security Fund, \$153,617; Capital Projects Fund, \$1,682,053; and Tort Fund, \$211,336, totaling \$5,071,574.

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, 2020, 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, 2020, 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, 2020, 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, 2020, expenditures disbursed exceeded revenues received for social security, resulting in no restricted fund balance.

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

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

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

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

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

E. Program Revenues

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

F. Cash and Investments

Investments are stated at cost. Gains and losses on the sale of investments are recognized upon realization.

G. Capital Assets

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

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

H. Long-term Debt

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

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

I. Property Taxes

Property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The adoption date for the 2019 tax levy was December 11, 2019, and the adoption date for the 2018 tax levy was December 12, 2018. 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, 2020, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. As of June 30, 2020, the fair value of all cash and investments held by the Assistant Treasurer was \$371,485,538 and the fair value of the District's proportionate share of the pool was \$9,607,416. The carrying amount of the District's deposits and investments total \$9,617,983, which includes Imprest funds held by the District in the amount of \$10,567.

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, 2020, the carrying amount of the deposits held at the District, not including investments held by the Assistant Treasurer as described above, totaled \$37,014 and the bank and investment balances totaled \$37,814. Of this amount, \$37,814 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) as of June 30, 2020.

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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, 2020, 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			
	2019		2018	
Equalized Assessed Valuation:	\$ 607,532,209		\$ 548,505,405	
Fund	Rates	Extensions	Rates	Extensions
Educational	2.3709	\$ 14,403,981	2.6125	\$ 14,329,704
Operations and Maintenance	0.2933	1,781,892	0.2953	1,619,736
Bond and Interest	0.2084	1,266,097	0.2267	1,243,462
Transportation	0.2212	1,343,861	0.2299	1,261,014
Municipal Retirement	0.0663	402,794	0.0696	381,760
Social Security	0.0663	402,794	0.0696	381,760
Working Cash	0.0452	274,605	0.0500	274,253
Tort	0.0398	241,798	0.0406	222,693
Totals	3.3114	\$ 20,117,822	3.5942	\$ 19,714,382

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NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 405,938	\$ -	\$ -	\$ 405,938
Construction in progress	125,464	-	125,464	-
Total capital assets, not being depreciated	531,402	-	125,464	405,938
Capital assets, being depreciated:				
Buildings	19,701,500	1,927,128	-	21,628,628
Land improvements	788,721	-	-	788,721
Equipment	2,516,211	132,090	-	2,648,301
Transportation equipment	88,962	-	-	88,962
Total capital assets, being depreciated	23,095,394	2,059,218	-	25,154,612
Less: Accumulated depreciation:				
Buildings	5,068,461	663,608	-	5,732,069
Land improvements	395,297	32,546	-	427,843
Equipment	1,637,052	198,354	-	1,835,406
Transportation equipment	68,690	6,120	-	74,810
Total accumulated depreciation	7,169,500	900,628	-	8,070,128
Total capital assets, being depreciated, net	15,925,894	1,158,590	-	17,084,484
Governmental activities capital assets	\$ 16,457,296	\$ 1,158,590	\$ 125,464	\$ 17,490,422
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		\$ 900,628		

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Capital Leases:					
De Lage copiers	\$ 199,432	\$ -	\$ 40,683	\$ 158,749	\$ 42,678
KS Bank - instruments	5,373	-	1,791	3,582	1,791
Sub-Total Capital Leases	204,805	-	42,474	162,331	44,469
General Obligation Bonds:					
02/07/13 School Bond	4,000,000	-	835,000	3,165,000	865,000
01/28/14 School Bond	1,450,000	-	-	1,450,000	-
2/13/19A Working Cash Bond	2,775,000	-	-	2,775,000	-
2/13/19B Refunding Bond	1,315,000	-	-	1,315,000	-
Sub-Total Bonds	9,540,000	-	835,000	8,705,000	865,000
Total Long-Term Obligations	\$ 9,744,805	-	\$ 877,474	\$ 8,867,331	\$ 909,469

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. On February 13, 2019, this issue was partially refunded by the Series 2019B Refunding bonds. The issue provides for serial retirement of principal with the final payment due on December 15, 2023. Maturities range from \$415,000 to \$970,000. The interest rate ranges from 3% to 4% and is payable June 15 and December 15 of each year. The balance due as of June 30, 2020, is \$3,165,000.

On January 28, 2014, the District issued \$2,140,000 of General Obligation Limited Tax School Bonds, Series 2014. On February 13, 2019, this issue was partially refunded by the Series 2019B Refunding bonds. The issue provides for serial retirement of principal with the final payment due on December 15, 2023. Maturities range from \$835,000 to \$1,285,000. The interest rate ranges from 4% to 4.25% and is payable June 15 and December 15 of each year. The balance due as of June 30, 2020, is \$1,450,000.

On February 13, 2019, the District issued \$2,775,000 of General Obligation Limited Tax Working Cash Bonds, Series 2019A. The issue provides for serial retirement of principal on December 15 beginning December 15, 2026, and the final payment due on December 15, 2030. Maturities range from \$250,000 to \$745,000. The interest rate is 4% and is payable June 15 and December 15 of each year beginning December 15, 2019. The balance due as of June 30, 2020, is \$2,775,000.

On February 13, 2019, the District issued \$1,315,000 of General Obligation Limited Tax Refunding Bonds, Series 2019B to partially refund the Series 2013 and Series 2014 General Obligation Limited Tax School Bonds. The issue provides for serial retirement of principal on December 15 beginning December 15, 2025, and the final payment due on December 15, 2036. Maturities range from \$510,000 to \$805,000. The interest rate ranges from 3.460% to 3.560% and is payable June 15 and December 15 of each year beginning December 15, 2019. The balance due as of June 30, 2020, is \$1,315,000.

Prior Year Defeasance of Debt. In prior years, the District defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, \$1,085,000 of defeased bonds remains outstanding.

Capital Lease/Installment Loan Obligations

The District is under a capital lease providing for biennial payments of \$24,928. The balance due as of June 30, 2020 is \$158,749. The current fiscal year depreciation is \$44,872 with accumulated depreciation at year-end of \$63,569.

The District has 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, 2020, is \$3,582. The current fiscal year depreciation is \$1,950 with accumulated depreciation at year-end of \$4,550.

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

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

As of June 30, 2020, 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
2021	\$ 44,469	\$ 7,580	\$ 865,000	\$ 326,710	\$ 909,469	\$ 334,290
2022	46,561	5,488	915,000	291,110	961,561	296,598
2023	46,964	2,892	970,000	253,410	1,016,964	256,302
2024	24,337	589	905,000	215,910	929,337	216,499
2025	-	-	960,000	177,410	960,000	177,410
2026	-	-	805,000	246,883	805,000	246,883
2027	-	-	870,000	91,678	870,000	91,678
2028	-	-	700,000	54,200	700,000	54,200
2029	-	-	720,000	24,900	720,000	24,900
2030	-	-	745,000	5,000	745,000	5,000
2031	-	-	250,000	5,000	250,000	5,000
	<u>\$ 162,331</u>	<u>\$ 16,549</u>	<u>\$ 8,705,000</u>	<u>\$ 1,692,211</u>	<u>\$ 8,867,331</u>	<u>\$ 1,708,760</u>

Legal Debt Margin

The Illinois School Code limits the amount of indebtedness to 6.9% of \$5607,532,209, which is the most recent available equalized assessed valuation of the District; therefore, the District's legal debt margin as of June 30, 2020, is \$41,919,722. As of June 30, 2020, the outstanding bonded debt to which the legal debt margin applies is \$8,705,000 and applicable capital lease debt is \$162,331, leaving an available borrowing power of \$33,052,391.

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 (TRS) of the State of Illinois. TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the system's administration.

TRS issues a publicly available financial report that can be obtained at www.trsil.org; by writing to TRS at 2815 West Washington Street, P. O. Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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.

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 highest 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. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and Tier II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

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, 2019, 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, 2020, 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 \$9,914,037 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, 2020, were \$63,124, and are deferred because they were paid after the June 30, 2019, measurement date.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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, 2020, the employer pension contribution was 10.66% of salaries paid from federal and special trust funds. For the year ended June 30, 2020, salaries totaling \$82,476 were paid from federal and special trust funds that required employer contributions of \$8,792. These contributions are deferred because they were paid after the June 30, 2019, 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 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, 2020, 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.

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

As of June 30, 2019, 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	\$ 1,283,010
State's proportionate share of the net pension liability associated with the District	<u>91,310,441</u>
Total	<u>\$ 92,593,451</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to June 30, 2019. 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, 2019, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2019, the employer's proportion was 0.0015818509%, which was an increase of 0.00036462 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$9,985,953 and revenue of \$9,914,037 for support provided by the state. As of June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,038	-
Net difference between projected and actual earnings on pension plan investments	2,032	-
Changes of assumptions	28,748	24,627
Changes in proportion and differences between employer contributions and proportionate share of contributions	366,466	463,337
Employer contributions subsequent to the measurement date	71,916	-
Total	\$ 490,200	\$ 487,964

\$71,916 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, 2021. 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,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (1,309)
2022	(20,500)
2023	(66,244)
2024	(3,826)
2025	22,199

Actuarial Assumptions

The total pension liability in the June 30, 2019, 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

In the June 30, 2019 actuarial valuation, 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-2017. In the June 30, 2018 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) 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:

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NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0%	6.30%
U.S. equities small/mid cap	2.0%	7.70%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.50%
U.S. bonds core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.00%
International debt developed	2.2%	1.10%
Emerging international debt	2.6%	4.40%
real estate	16.0%	5.20%
Real return	4.0%	1.80%
Absolute return	14.0%	4.10%
Private equity	15.0%	9.70%
Total	<u>100%</u>	

Discount Rate

As of June 30, 2019, the discount rate used to measure the total pension liability was 7.00%, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position as of June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) 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	\$ 1,567,085	\$ 1,283,010	\$ 1,049,445

TRS fiduciary net position

Detailed information about the TRS's fiduciary net position as of June 30, 2019, is available in the separately issued TRS *Comprehensive Annual Financial Report*.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

B. Illinois Municipal Retirement Fund (IMRF)

Plan Description

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

Benefits Provided

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

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

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, 2019, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	81
Inactive plan members entitled to but not yet receiving benefits	88
Active plan members	73
Total	242

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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 2019 was 9.75%. For the fiscal year ended 2019, the employer contributed \$282,379 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, 2019. 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, 2019:

- 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 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- 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.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Returns/Risks</u>	
		<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	37%	7.05%	5.75%
International Equities	18%	8.10%	6.50%
Fixed Income	28%	3.70%	3.25%
Real Estate	9%	6.35%	5.20%
Alternatives	7%		
Private Equity		11.30%	7.60%
Hedge Funds		n/a	n/a
Commodities		4.65%	3.60%
Cash Equivalents	1%	1.85%	1.85%
Total	<u>100%</u>		

Single Discount Rate

A Single Discount Rate of 7.25% 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:

- 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
- 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 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

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NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Changes in the Net Pension Liability

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Balances at December 31, 2018	\$ 14,748,086	\$ 12,262,521	\$ 2,485,565
Changes for the year:			
Service Cost	306,987	-	306,987
Interest on the Total Pension Liability	1,047,019	-	1,047,019
Differences Between Expected and Actual Experience of the Total Pension Liability	155,134	-	155,134
Changes of Assumptions	-	-	-
Contributions - Employer	-	282,379	(282,379)
Contributions - Employees	-	130,328	(130,328)
Net Investment Income	-	2,291,161	(2,291,161)
Benefit Payments, including Refunds of Employee Contributions	(919,869)	(919,869)	-
Other (Net Transfer)	-	106,104	(106,104)
Net Changes	<u>589,271</u>	<u>1,890,103</u>	<u>(1,300,832)</u>
Balances at December 31, 2019	<u>\$ 15,337,357</u>	<u>\$ 14,152,624</u>	<u>\$ 1,184,733</u>

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount 7.25%</u>	<u>1% Increase 8.25%</u>
Total pension liability	\$ 17,019,777	\$ 15,337,357	\$ 13,923,829
Plan fiduciary net position	<u>14,152,624</u>	<u>14,152,624</u>	<u>14,152,624</u>
Net pension liability / (asset)	<u>\$ 2,867,153</u>	<u>\$ 1,184,733</u>	<u>\$ (228,795)</u>

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

For the year ended June 30, 2020, the District recognized pension expense of \$282,379. As of June 30, 2020, the District reported deferred outflows of resources related to pensions from the following sources:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 97,605	\$ 294
Changes of assumptions	101,913	-
Net difference between projected and actual earnings on pension plan investments	<u>1,040,398</u>	<u>1,600,603</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,239,916</u>	<u>1,600,897</u>
Pension contributions made subsequent to the measurement date	<u>165,924</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 1,405,840</u></u>	<u><u>\$ 1,600,897</u></u>

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

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (2,809)
2021	(134,199)
2022	59,362
2023	(283,335)
2024	-
Thereafter	<u>-</u>
Total	<u><u>\$ (360,981)</u></u>

C. Aggregate Pension Amounts

For the year ended June 30, 2020, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 490,200	\$ 1,405,840	\$ 1,896,040
Net Pension Liability	1,283,010	1,184,733	2,467,743
Deferred Inflows of Resources	487,964	1,600,897	2,088,861
Pension Expense, Net of State Support	71,916	282,379	354,295

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 1.24% of pay during the year ended June 30, 2020. State of Illinois contributions were \$134,956, and the District recognized revenue and expenditures of this amount during the year.

- *Employer Contributions to the THIS Fund*

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.92% during the year ended June 30, 2020. For the year ended June 30, 2020, the employer paid \$100,128 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/CMS-THISF.asp>.

NOTE 8 – CONTINGENCIES

As of June 30, 2020, 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.

NOTE 9 – RISK MANAGEMENT (CONT'D)

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

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

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

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

NOTE 10 – JOINT VENTURES

A. Northwest Suburban Special Education Organization (NSSEO)

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

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

B. Early Childhood Developmental Enrichment Center (ECDEC)

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

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

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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

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NOTE 12 – INTERFUND TRANSFERS

The following transfers were made during the year:

Fund or Account	From	To
For principal and interest payments:		
Educational Account	\$ 52,048	\$ -
Debt Service Fund		52,048
Totals	\$ 52,048	\$ 52,048

NOTE 13 – COMMITMENTS

As of June 30, 2020, the District had entered into various contractual commitments for construction projects. The unpaid balance of these contracts is approximately \$169,874.

NOTE 14 – SUBSEQUENT EVENTS

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

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact changes in net position/net assets, etc. Other financial impact could occur though such potential impact is unknown at this time.

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 Bonded Debt Maturities and Interest – 2019A Ltd Tax Working Cash Bonds

Schedule of Bonded Debt Maturities and Interest – 2019B Ltd Tax Refunding 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

DRAFT

Fiscal year ended June 30,*	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's proportion of the net pension liability	0.001582%	0.001217%	0.002185%
Employer's proportionate share of the net pension liability	\$ 1,283,010	\$ 948,773	\$ 1,669,293
State's proportionate share of the net pension liability associated with the employer	<u>91,310,441</u>	<u>64,994,909</u>	<u>76,602,878</u>
Total	<u>\$92,593,451</u>	<u>\$65,943,682</u>	<u>\$78,272,171</u>
Employer's covered-employee payroll	\$10,645,787	\$10,446,581	\$10,394,510
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.05%	9.08%	16.06%
Plan fiduciary net position as a percentage of the total pension liability	39.60%	40.00%	39.30%

*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.

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.001693%	0.001810%	0.001669%
\$ 1,336,513	\$ 1,185,733	\$ 1,015,995
<u>71,977,890</u>	<u>59,604,668</u>	<u>58,601,328</u>
<u>\$73,314,403</u>	<u>\$60,790,401</u>	<u>\$59,617,323</u>
\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
13.47%	12.26%	10.41%
36.40%	41.50%	43.00%

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

DRAFT

Fiscal year ending June, 30	2020	2019	2018
Contractually-required contribution	\$ 71,916	\$ 63,768	\$ 63,768
Contributions in relation to the contractually-required contribution	72,312	60,530	82,359
Contribution deficiency (excess)	\$ (396)	\$ 3,238	\$ (18,591)
Employer's covered-employee payroll	\$ 10,883,522	\$ 10,645,787	\$ 10,446,581
Contributions as a percentage of covered-employee payroll	0.660779%	0.598998%	0.610420%

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.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 76,086	\$ 60,695	\$ 59,565
<u>68,424</u>	<u>64,248</u>	<u>59,565</u>
<u>\$ 7,662</u>	<u>\$ (3,553)</u>	<u>\$ -</u>
\$ 10,394,510	\$ 9,919,360	\$ 9,669,897
0.731983%	0.611884%	0.615984%

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

DRAFT

Calendar year ending December 31,	2019	2018	2017
Total pension liability			
Service cost	\$ 306,987	\$ 281,601	\$ 297,039
Interest on the total pension liability	1,047,019	1,018,520	976,666
Difference between expected and actual experience of the total pension liability	-	(1,066)	460,552
Changes of assumption	155,134	369,609	(451,717)
Benefit payments, including refunds of employee contributions	(919,869)	(720,086)	(713,449)
Net change in total pension liability	589,271	948,578	569,091
Total pension liability - beginning	14,748,086	13,799,508	13,230,417
Total pension liability - ending (A)	\$ 15,337,357	\$ 14,748,086	\$ 13,799,508
Plan fiduciary net position			
Contributions - employer	\$ 282,379	\$ 308,750	\$ 301,215
Contributions - employees	130,328	129,923	120,700
Net investment income	2,291,161	(733,240)	2,017,832
Benefit payments, including refunds of employee contributions	(919,869)	(720,086)	(713,449)
Other	106,104	133,554	(114,527)
Net change in plan fiduciary net position	1,890,103	(881,099)	1,611,771
Plan fiduciary net position - beginning	12,262,521	13,143,620	11,531,849
Plan fiduciary net position - ending (B)	\$ 14,152,624	\$ 12,262,521	\$ 13,143,620
Net pension liability - ending (A) - (B)	\$ 1,184,733	\$ 2,485,565	\$ 655,888
Plan fiduciary net position as a percentage of total pension liability	92.28%	83.15%	95.25%
Covered valuation payroll	\$ 2,896,199	\$ 2,850,579	\$ 2,682,232
Net pension liability as a percentage of covered valuation payroll	40.91%	87.20%	24.45%

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.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 289,202	\$ 270,163	\$ 275,175
926,374	873,982	793,052
111,719	172,898	53,084
(42,210)	26,865	552,003
<u>(622,661)</u>	<u>(618,975)</u>	<u>(533,397)</u>
662,424	724,933	1,139,917
<u>12,567,993</u>	<u>11,843,060</u>	<u>10,703,143</u>
<u><u>\$ 13,230,417</u></u>	<u><u>\$ 12,567,993</u></u>	<u><u>\$ 11,843,060</u></u>
\$ 287,072	\$ 263,556	\$ 255,822
116,815	107,525	104,087
752,442	54,490	636,088
(622,661)	(618,975)	(533,397)
<u>70,085</u>	<u>99,505</u>	<u>44,980</u>
603,753	(93,899)	507,580
<u>10,928,096</u>	<u>11,021,995</u>	<u>10,514,415</u>
<u><u>\$ 11,531,849</u></u>	<u><u>\$ 10,928,096</u></u>	<u><u>\$ 11,021,995</u></u>
<u><u>\$ 1,698,568</u></u>	<u><u>\$ 1,639,897</u></u>	<u><u>\$ 821,065</u></u>
87.16%	86.95%	93.07%
\$ 2,533,735	\$ 2,389,446	\$ 2,313,039
67.04%	68.63%	35.50%

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

DRAFT

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 282,379	\$ 282,379	\$ -	\$ 2,896,199	9.75%
2018	308,750	308,750	-	2,850,879	10.83%
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 9.75% and covered valuation payroll of \$2,896,199.

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 2019 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>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.
<i>Mortality:</i>	For non-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 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-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-2017 (base year 2015). 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, 2017, 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, 2020

DRAFT

	<u>Educational Account</u>	<u>Working Cash Account</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 4,115,209	\$ 431,264	\$ 4,546,473
<u>Total Assets</u>	<u>\$ 4,115,209</u>	<u>\$ 431,264</u>	<u>\$ 4,546,473</u>
LIABILITIES			
Payroll deductions payable	\$ 107,018	\$ -	\$ 107,018
<u>Total Liabilities</u>	<u>107,018</u>	<u>-</u>	<u>107,018</u>
FUND BALANCES			
Unassigned	4,008,191	431,264	4,439,455
<u>Total Fund Balances</u>	<u>4,008,191</u>	<u>431,264</u>	<u>4,439,455</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 4,115,209</u>	<u>\$ 431,264</u>	<u>\$ 4,546,473</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 14,578,802	\$ 13,666,075	\$ 264,360
Personal property replacement taxes	87,230	81,482	-
Summer school tuition from pupils or parents	1,000	100	-
Earnings on investments	175,500	157,673	6,393
Food services	185,000	147,612	-
Pupil activities	61,100	53,970	-
Textbooks	257,800	242,852	-
Refund of prior years' expenditures	20,000	10,317	-
Other	470,000	301,346	-
Total Local Sources	15,836,432	14,661,427	270,753
State Sources:			
Evidence based funding formula	1,805,832	1,805,832	-
Special education - private facility tuition	-	33,251	-
CTE - secondary program improvement	1,328	860	-
State free lunch and breakfast	4,500	2,264	-
State on-behalf payments	-	10,048,993	-
Other	925	2,292	-
Total State Sources	1,812,585	11,893,492	-
Federal Sources:			
National school lunch program	165,000	131,079	-
School breakfast	25,000	21,726	-
School breakfast start-up expansion	250	-	-
Child and adult care food program	-	376,970	-
Commodities	-	68,728	-
Student success and enrichment	10,000	13,903	-
Title I - Low Income	161,813	136,717	-
Special education	417,095	415,554	-
Title III - English Language Acquisition	54,177	41,886	-
Title II - Teacher Quality	40,723	31,985	-
Medicaid administrative outreach	100,000	69,287	-
Medicaid matching fee-for-service	-	95,776	-
Total Federal Sources	974,058	1,403,611	-
Total Revenues Received	18,623,075	27,958,530	270,753

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Total General Fund	2019 Total General Fund
\$ 13,930,435	\$ 14,053,495
81,482	74,352
100	2,550
164,066	221,976
147,612	189,549
53,970	62,680
242,852	250,458
10,317	21,195
301,346	502,720
14,932,180	15,378,975
1,805,832	1,753,620
33,251	-
860	-
2,264	3,792
10,048,993	6,236,101
2,292	190
11,893,492	7,993,703
131,079	187,365
21,726	30,951
-	-
376,970	-
68,728	38,949
13,903	1,425
136,717	187,211
415,554	349,682
41,886	30,432
31,985	30,487
69,287	14,729
95,776	84,317
1,403,611	955,548
28,229,283	24,328,226

(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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,680,508	\$ 5,639,882	\$ -
Employee benefits	1,001,659	1,047,102	-
Employee benefits-on-behalf	-	10,048,993	-
Purchased services	27,380	29,118	-
Supplies and materials	490,609	468,527	-
Capital outlay	4,934	69,515	-
Other objects	3,540	2,491	-
Total	7,208,630	17,305,628	-
Tuition Payments to Charter Schools:			
Purchased services	7,500	-	-
Total	7,500	-	-
Special Education Programs:			
Salaries	1,923,592	1,884,860	-
Employee benefits	605,112	599,741	-
Purchased services	42,900	32,603	-
Supplies and materials	28,200	11,148	-
Capital outlay	18,000	3,271	-
Other objects	1,250	410	-
Total	2,619,054	2,532,033	-
Special Education Programs Pre K:			
Salaries	245,925	220,354	-
Employee benefits	46,381	48,500	-
Purchased services	1,000	-	-
Supplies and materials	6,500	1,103	-
Capital outlay	8,000	-	-
Other objects	150	-	-
Total	307,956	269,957	-
Remedial and Supplemental Programs:			
Salaries	75,300	78,060	-
Employee benefits	-	-	-
Total	75,300	78,060	-

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 5,639,882	\$ 5,651,576
1,047,102	1,029,953
10,048,993	6,236,101
29,118	35,350
468,527	243,671
69,515	232,368
2,491	2,939
<u>17,305,628</u>	<u>13,431,958</u>
-	-
-	-
1,884,860	1,845,954
599,741	526,516
32,603	31,990
11,148	33,731
3,271	4,745
410	425
<u>2,532,033</u>	<u>2,443,361</u>
220,354	157,181
48,500	43,635
-	-
1,103	1,336
-	-
<u>269,957</u>	<u>202,152</u>
78,060	85,398
<u>-</u>	<u>274</u>
<u>78,060</u>	<u>85,672</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Instruction:			
CTE Programs:			
Salaries	\$ 100,276	\$ 100,276	\$ -
Employee benefits	16,351	16,618	-
Purchased services	1,400	-	-
Supplies and materials	6,000	3,185	-
Total	124,027	120,079	-
Interscholastic Programs:			
Salaries	144,026	146,051	-
Purchased services	6,500	4,157	-
Supplies and materials	750	1,120	-
Other objects	3,500	2,412	-
Total	154,776	153,740	-
Summer School Programs:			
Salaries	91,000	37,773	-
Employee benefits	-	895	-
Purchased services	3,500	15,496	-
Supplies and materials	1,000	1,171	-
Total	95,500	55,335	-
Bilingual Programs:			
Salaries	475,345	602,031	-
Employee benefits	105,649	110,398	-
Purchased services	-	977	-
Supplies and materials	3,750	-	-
Total	584,744	713,406	-
Special Education private tuition	290,000	323,743	-
Total Instruction	11,467,487	21,551,981	-

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 100,276	\$ 96,652
16,618	16,091
-	-
<u>3,185</u>	<u>4,737</u>
<u>120,079</u>	<u>117,480</u>
146,051	141,605
4,157	4,618
1,120	830
<u>2,412</u>	<u>1,660</u>
<u>153,740</u>	<u>148,713</u>
37,773	79,590
895	-
15,496	6,505
<u>1,171</u>	<u>555</u>
<u>55,335</u>	<u>86,650</u>
602,031	587,004
110,398	85,132
977	1,079
-	-
<u>713,406</u>	<u>673,215</u>
<u>323,743</u>	<u>275,380</u>
<u>21,551,981</u>	<u>17,464,581</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 321,407	\$ 316,983	\$ -
Employee benefits	53,046	53,513	-
Purchased services	37,800	27,748	-
Supplies and materials	2,000	928	-
Other	200	-	-
	<u>414,453</u>	<u>399,172</u>	<u>-</u>
Health Services:			
Salaries	556,087	495,084	-
Employee benefits	123,883	123,457	-
Purchased services	17,325	83,965	-
Supplies and materials	19,450	4,701	-
Capital outlay	8,000	-	-
Other	880	41	-
	<u>725,625</u>	<u>707,248</u>	<u>-</u>
Psychological Services:			
Salaries	321,632	321,633	-
Benefits	50,314	61,038	-
Purchased services	2,850	976	-
Supplies and Materials	600	392	-
Other	585	670	-
	<u>375,981</u>	<u>384,709</u>	<u>-</u>
Speech Pathology and Audiology Services:			
Salaries	450,555	450,553	-
Employee benefits	63,176	63,765	-
Purchased services	4,120	17,329	-
Supplies and materials	11,500	5,455	-
Capital outlay	10,000	2,321	-
Other	1,725	412	-
	<u>541,076</u>	<u>539,835</u>	<u>-</u>
Other Support Services:			
Purchased services	45,000	32,067	-
	<u>45,000</u>	<u>32,067</u>	<u>-</u>

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 316,983	\$ 303,091
53,513	46,713
27,748	26,938
928	669
-	-
<u>399,172</u>	<u>377,411</u>
495,084	506,717
123,457	129,404
83,965	34,887
4,701	14,383
-	9,302
41	65
<u>707,248</u>	<u>694,758</u>
321,633	270,347
61,038	39,960
976	48,419
392	-
670	585
<u>384,709</u>	<u>359,311</u>
450,553	432,121
63,765	59,638
17,329	2,059
5,455	2,672
2,321	4,582
412	100
<u>539,835</u>	<u>501,172</u>
<u>32,067</u>	<u>41,251</u>
<u>32,067</u>	<u>41,251</u>

(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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Support Services:			
Improvement of Instruction Services:			
Salaries	\$ 441,664	\$ 442,862	\$ -
Employee benefits	79,048	85,627	-
Purchased services	39,017	26,969	-
Supplies and materials	6,500	127,778	-
Other	2,500	2,031	-
	<u>568,729</u>	<u>685,267</u>	<u>-</u>
Educational Media Services:			
Salaries	809,334	784,310	-
Employee benefits	164,309	146,680	-
Purchased services	102,000	59,080	-
Supplies and materials	282,150	283,086	-
Capital outlay	65,800	41,830	-
Other	1,500	-	-
Non-capitalized equipment	-	24,724	-
	<u>1,425,093</u>	<u>1,339,710</u>	<u>-</u>
Assessment and Testing Services:			
Purchased services	15,000	12,443	-
	<u>15,000</u>	<u>12,443</u>	<u>-</u>
Board of Education Services:			
Purchased services	54,000	34,436	-
Supplies and materials	4,500	2,712	-
Other objects	8,000	6,192	-
	<u>66,500</u>	<u>43,340</u>	<u>-</u>
Executive Administration Services:			
Salaries	256,580	256,581	-
Employee benefits	51,725	72,132	-
Purchased services	7,000	5,342	-
Supplies and materials	17,000	9,877	-
Other objects	3,000	2,659	-
	<u>335,305</u>	<u>346,591</u>	<u>-</u>

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 442,862	\$ 407,874
85,627	62,161
26,969	25,450
127,778	2,136
2,031	1,364
<u>685,267</u>	<u>498,985</u>
784,310	794,012
146,680	177,276
59,080	62,147
283,086	188,773
41,830	131,150
-	455
24,724	-
<u>1,339,710</u>	<u>1,353,813</u>
<u>12,443</u>	<u>29,888</u>
<u>12,443</u>	<u>29,888</u>
34,436	27,390
2,712	3,202
6,192	5,667
<u>43,340</u>	<u>36,259</u>
256,581	262,567
72,132	71,381
5,342	5,808
9,877	3,620
2,659	2,680
<u>346,591</u>	<u>346,056</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Support Services:			
Tort Services:			
Purchased services	\$ 145,000	\$ 82,409	\$ -
Total	145,000	82,409	-
Office of the Principal Services:			
Salaries	863,359	856,157	-
Employee benefits	230,091	221,849	-
Purchased services	6,060	2,070	-
Supplies and materials	65,968	54,803	-
Other	4,450	2,019	-
Total	1,169,928	1,136,898	-
Direction of Business Services:			
Salaries	129,000	129,051	-
Employee benefits	40,144	42,207	-
Purchased services	5,000	5,035	-
Other	2,000	665	-
Total	176,144	176,958	-
Fiscal Services:			
Salaries	111,543	111,543	-
Employee benefits	46,838	47,118	-
Purchased services	39,100	39,701	-
Supplies and materials	2,000	2,754	-
Capital outlay	200	-	-
Total	199,681	201,116	-
Food Services:			
Salaries	82,500	85,047	-
Employee benefits	-	-	-
Purchased services	391,250	514,622	-
Supplies and materials	3,400	71,345	-
Capital outlay	17,000	-	-
Total	494,150	671,014	-

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 82,409	\$ 62,518
<u>82,409</u>	<u>62,518</u>
856,157	854,625
221,849	230,554
2,070	4,466
54,803	26,320
2,019	816
<u>1,136,898</u>	<u>1,116,781</u>
129,051	140,425
42,207	18,324
5,035	3,929
665	1,060
<u>176,958</u>	<u>163,738</u>
111,543	108,157
47,118	41,857
39,701	43,983
2,754	1,992
-	-
<u>201,116</u>	<u>195,989</u>
85,047	78,754
-	2
514,622	376,080
71,345	40,619
-	11,987
<u>671,014</u>	<u>507,442</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Support Services:			
Internal Services:			
Purchased services	\$ 28,500	\$ 28,020	\$ -
Supplies and materials	2,500	-	-
Total	31,000	28,020	-
Planning, Research, Development and Evaluation Services:			
Purchased services	25,000	25,000	-
Total	25,000	25,000	-
Information Services:			
Purchased services	81,910	117,609	-
Supplies and materials	1,000	924	-
Total	82,910	118,533	-
Staff Services:			
Salaries	90,837	82,009	-
Employee benefits	21,546	21,549	-
Purchased services	19,500	19,653	-
Supplies and materials	16,500	7,738	-
Other	4,250	850	-
Total	152,633	131,799	-
Data Processing Services:			
Purchased services	33,000	22,399	-
Supplies and materials	-	-	-
Total	33,000	22,399	-
Other Support Services - Pupils:			
Salaries	1,000	5,205	-
Purchased services	3,750	11,565	-
Supplies and materials	350	85	-
Total	5,100	16,855	-
Total Support Services	7,027,308	7,101,383	-

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 28,020	\$ 45,978
-	-
<u>28,020</u>	<u>45,978</u>
<u>25,000</u>	<u>25,000</u>
<u>25,000</u>	<u>25,000</u>
117,609	123,711
924	1,217
<u>118,533</u>	<u>124,928</u>
82,009	81,786
21,549	26,341
19,653	16,220
7,738	13,232
850	-
<u>131,799</u>	<u>137,579</u>
22,399	25,479
-	299
<u>22,399</u>	<u>25,778</u>
5,205	763
11,565	8,797
85	-
<u>16,855</u>	<u>9,560</u>
<u>7,101,383</u>	<u>6,654,195</u>

(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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		
	Original and Final Budget	Educational Account	Working Cash Account
EXPENDITURES DISBURSED			
Community Services:			
Salaries	\$ 169,468	\$ 155,501	\$ -
Employee benefits	9,384	9,384	-
Purchased services	56,500	31,653	-
Supplies and materials	16,000	8,914	-
Total Community Services	251,352	205,452	-
Payments to Other Gov't Units:			
Purchased services	466,000	102,398	-
Tuition	-	411,658	-
Total Payments to Other Gov't Units	466,000	514,056	-
Total Expenditures Disbursed	19,212,147	29,372,872	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(589,072)	(1,414,342)	270,753
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(52,048)	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Sale of capital assets	-	10,345	-
Capital lease	-	-	-
Total Other Financing Sources (Uses)	-	(41,703)	-
NET CHANGE IN FUND BALANCE	\$ (589,072)	(1,456,045)	270,753
FUND BALANCE, BEGINNING OF YEAR		5,464,236	160,511
FUND BALANCE, END OF YEAR		\$ 4,008,191	\$ 431,264

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<u>Total General Fund</u>	<u>2019 Total General Fund</u>
\$ 155,501	\$ 151,418
9,384	9,142
31,653	40,518
8,914	3,932
<u>205,452</u>	<u>205,010</u>
102,398	136,832
411,658	261,479
<u>514,056</u>	<u>398,311</u>
<u>29,372,872</u>	<u>24,722,097</u>
<u>(1,143,589)</u>	<u>(393,871)</u>
(52,048)	(3,283,231)
-	2,775,000
-	225,000
10,345	16,974
-	224,360
<u>(41,703)</u>	<u>(41,897)</u>
(1,185,292)	(435,768)
<u>5,624,747</u>	<u>6,060,515</u>
<u>\$ 4,439,455</u>	<u>\$ 5,624,747</u>

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 14,302,485	\$ 13,666,075	\$ 13,910,999
Personal property replacement taxes	87,230	81,482	74,352
Summer school tuition from pupils or parents	1,000	100	2,550
Earnings on investments	175,000	157,673	207,939
Food services	185,000	147,612	189,549
Fees	61,100	53,970	62,680
Textbooks	257,800	242,852	250,458
Refund of prior years' expenditures	20,000	10,317	21,195
Other	470,000	301,346	502,720
Total Local Sources	15,559,615	14,661,427	15,222,442
State Sources:			
Evidence based funding formula	1,805,832	1,805,832	1,753,620
Special education - private facility tuition	-	33,251	-
CTE - secondary program improvement	1,328	860	-
State free lunch and breakfast	4,500	2,264	3,792
State on-behalf payments	-	10,048,993	6,236,101
Other	925	2,292	190
Total State Sources	1,812,585	11,893,492	7,993,703
Federal Sources:			
National school lunch program	165,000	131,079	187,365
School breakfast	25,000	21,726	30,951
School breakfast start-up expansion	250	-	-
Summer food service program	-	376,970	-
Commodities	-	68,728	38,949
Title IV - Student support and enrichment grant	10,000	13,903	1,425
Title I - Low Income	161,813	136,717	187,211
Special education I.D.E.A. Pre School	15,936	18,074	15,410
Special education I.D.E.A. Flow Through	310,628	293,677	236,545
Special education I.D.E.A. Room and Board	90,531	103,803	97,727
Title III - English Language Acquisition	54,177	41,886	30,432
Title II - Teacher Quality	40,723	31,985	30,487
Medicaid administrative outreach	100,000	69,287	14,729
Medicaid matching fee-for-service	-	95,776	84,317
Total Federal Sources	974,058	1,403,611	955,548
Total Revenues Received	18,346,258	27,958,530	24,171,693

(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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,680,508	\$ 5,639,882	\$ 5,651,576
Employee benefits	1,001,659	1,047,102	1,029,953
Employee benefits-on-behalf	-	10,048,993	6,236,101
Purchased services	27,380	29,118	35,350
Supplies and materials	490,609	468,527	243,671
Capital outlay	4,934	69,515	232,368
Other	3,540	2,491	2,939
Total	7,208,630	17,305,628	13,431,958
Tuition Payments to Charter Schools:			
Purchased services	7,500	-	-
Total	7,500	-	-
Special Education Programs:			
Salaries	1,923,592	1,884,860	1,845,954
Employee benefits	605,112	599,741	526,516
Purchased services	42,900	32,603	31,990
Supplies and materials	28,200	11,148	33,731
Capital outlay	18,000	3,271	4,745
Other	1,250	410	425
Total	2,619,054	2,532,033	2,443,361
Special Education Programs Pre K:			
Salaries	245,925	220,354	157,181
Employee benefits	46,381	48,500	43,635
Purchased services	1,000	-	-
Supplies and materials	6,500	1,103	1,336
Capital outlay	8,000	-	-
Other	150	-	-
Total	307,956	269,957	202,152
Remedial and Supplemental Programs:			
Salaries	75,300	78,060	85,398
Employee benefits	-	-	274
Total	75,300	78,060	85,672

(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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
CTE Programs:			
Salaries	\$ 100,276	\$ 100,276	\$ 96,652
Employee benefits	16,351	16,618	16,091
Purchased services	1,400	-	-
Supplies and materials	6,000	3,185	4,737
Total	124,027	120,079	117,480
Interscholastic Programs:			
Salaries	144,026	146,051	141,605
Purchased services	6,500	4,157	4,618
Supplies and materials	750	1,120	830
Other	3,500	2,412	1,660
Total	154,776	153,740	148,713
Summer School Programs:			
Salaries	91,000	37,773	79,590
Employee benefits	-	895	-
Purchased services	3,500	15,496	6,505
Supplies and materials	1,000	1,171	555
Total	95,500	55,335	86,650
Bilingual Programs:			
Salaries	475,345	602,031	587,004
Employee benefits	105,649	110,398	85,132
Purchased services	-	977	1,079
Supplies and materials	3,750	-	-
Total	584,744	713,406	673,215
Special Education private tuition	290,000	323,743	275,380
Total Instruction	11,467,487	21,551,981	17,464,581
Support Services:			
Attendance and Social Work Services:			
Salaries	321,407	316,983	303,091
Employee benefits	53,046	53,513	46,713
Purchased services	37,800	27,748	26,938
Supplies and materials	2,000	928	669
Other	200	-	-
Total	414,453	399,172	377,411

(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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Health Services:			
Salaries	\$ 556,087	\$ 495,084	\$ 506,717
Employee benefits	123,883	123,457	129,404
Purchased services	17,325	83,965	34,887
Supplies and materials	19,450	4,701	14,383
Capital outlay	8,000	-	9,302
Other	880	41	65
Total	725,625	707,248	694,758
Psychological Services:			
Salaries	321,632	321,633	270,347
Benefits	50,314	61,038	39,960
Purchased services	2,850	976	48,419
Supplies and Materials	600	392	-
Other	585	670	585
Total	375,981	384,709	359,311
Speech Pathology and Audiology Services:			
Salaries	450,555	450,553	432,121
Employee benefits	63,176	63,765	59,638
Purchased services	4,120	17,329	2,059
Supplies and materials	11,500	5,455	2,672
Capital outlay	10,000	2,321	4,582
Other	1,725	412	100
Total	541,076	539,835	501,172
Other Support Services:			
Purchased services	45,000	32,067	41,251
Total	45,000	32,067	41,251
Improvement of Instruction Services:			
Salaries	441,664	442,862	407,874
Employee benefits	79,048	85,627	62,161
Purchased services	39,017	26,969	25,450
Supplies and materials	6,500	127,778	2,136
Other	2,500	2,031	1,364
Total	568,729	685,267	498,985

(Continued)

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Educational Media Services:			
Salaries	\$ 809,334	\$ 784,310	\$ 794,012
Employee benefits	164,309	146,680	177,276
Purchased services	102,000	59,080	62,147
Supplies and materials	282,150	283,086	188,773
Capital outlay	65,800	41,830	131,150
Other	1,500	-	455
Non-capitalized equipment	-	24,724	-
Total	1,425,093	1,339,710	1,353,813
Assessment and Testing Services:			
Supplies and materials			
	15,000	12,443	29,888
Total	15,000	12,443	29,888
Board of Education Services:			
Purchased services	54,000	34,436	27,390
Supplies and materials	4,500	2,712	3,202
Other	8,000	6,192	5,667
Total	66,500	43,340	36,259
Executive Administration Services:			
Salaries	256,580	256,581	262,567
Employee benefits	51,725	72,132	71,381
Purchased services	7,000	5,342	5,808
Supplies and materials	17,000	9,877	3,620
Other	3,000	2,659	2,680
Total	335,305	346,591	346,056
Tort Services:			
Purchased services			
	145,000	82,409	62,518
Total	145,000	82,409	62,518

(Continued)

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Office of the Principal Services:			
Salaries	\$ 863,359	\$ 856,157	\$ 854,625
Employee benefits	230,091	221,849	230,554
Purchased services	6,060	2,070	4,466
Supplies and materials	65,968	54,803	26,320
Other	4,450	2,019	816
Total	1,169,928	1,136,898	1,116,781
Direction of Business Services:			
Salaries	129,000	129,051	140,425
Employee benefits	40,144	42,207	18,324
Purchased services	5,000	5,035	3,929
Other	2,000	665	1,060
Total	176,144	176,958	163,738
Fiscal Services:			
Salaries	111,543	111,543	108,157
Employee benefits	46,838	47,118	41,857
Purchased services	39,100	39,701	43,983
Supplies and materials	2,000	2,754	1,992
Other objects	200	-	-
Total	199,681	201,116	195,989
Food Services:			
Salaries	82,500	85,047	78,754
Employee benefits	-	-	2
Purchased services	391,250	514,622	376,080
Supplies and materials	3,400	71,345	40,619
Capital outlay	17,000	-	11,987
Total	494,150	671,014	507,442
Internal Services:			
Purchased services	28,500	28,020	45,978
Supplies and materials	2,500	-	-
Total	31,000	28,020	45,978

(Continued)

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Support Services:			
Planning, Research, Development and Evaluation Services:			
Purchased services	\$ 25,000	\$ 25,000	\$ 25,000
Total	25,000	25,000	25,000
Information Services:			
Purchased services	81,910	117,609	123,711
Supplies and materials	1,000	924	1,217
Total	82,910	118,533	124,928
Staff Services:			
Salaries	90,837	82,009	81,786
Employee benefits	21,546	21,549	26,341
Purchased services	19,500	19,653	16,220
Supplies and materials	16,500	7,738	13,232
Other	4,250	850	-
Total	152,633	131,799	137,579
Data Processing:			
Purchased services	33,000	22,399	25,479
Supplies and materials	-	-	299
Total	33,000	22,399	25,778
Other Support Services:			
Salaries	1,000	5,205	763
Purchased services	3,750	11,565	8,797
Supplies and materials	350	85	-
Total	5,100	16,855	9,560
Total Support Services	7,027,308	7,101,383	6,654,195

(Continued)

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Original and Final Budget	Actual	Actual
EXPENDITURES DISBURSED			
Community Services:			
Salaries	\$ 169,468	\$ 155,501	\$ 151,418
Employee benefits	9,384	9,384	9,142
Purchased services	56,500	31,653	40,518
Supplies and materials	16,000	8,914	3,932
Total Community Services	251,352	205,452	205,010
Payments to Other Gov't Units:			
Purchased services	466,000	102,398	136,832
Tuition	-	411,658	261,479
Total Payments to Other Gov't Units	466,000	514,056	398,311
Total Expenditures Disbursed	19,212,147	29,372,872	24,722,097
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(865,889)	(1,414,342)	(550,404)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(52,048)	(283,231)
Sale of capital assets	-	10,345	16,974
Capital lease	-	-	224,360
Total Other Financing Sources (Uses)	-	(41,703)	(41,897)
NET CHANGE IN FUND BALANCE	<u>\$ (865,889)</u>	(1,456,045)	(592,301)
FUND BALANCE, BEGINNING OF YEAR		5,464,236	6,056,537
FUND BALANCE, END OF YEAR		<u>\$ 4,008,191</u>	<u>\$ 5,464,236</u>

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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 276,317	\$ 264,360	\$ 142,496
Earnings on investments	500	6,393	14,037
Total Local Sources	<u>276,817</u>	<u>270,753</u>	<u>156,533</u>
Total Revenues Received	<u>276,817</u>	<u>270,753</u>	<u>156,533</u>
EXPENDITURES DISBURSED			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>276,817</u>	<u>270,753</u>	<u>156,533</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	2,775,000
Premium on bonds issued	-	-	225,000
Transfers out	-	-	(3,000,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 276,817</u>	270,753	156,533
FUND BALANCE, BEGINNING OF YEAR		<u>160,511</u>	<u>3,978</u>
FUND BALANCE, END OF YEAR		<u>\$ 431,264</u>	<u>\$ 160,511</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,618,859	\$ 1,623,645	\$ 1,584,286
Earnings on investments	15,000	21,516	19,245
Rentals	125,000	94,245	120,606
Impact fees	2,500	-	2,381
Other	-	343	56
Total Local Sources	<u>1,761,359</u>	<u>1,739,749</u>	<u>1,726,574</u>
Total Revenues Received	<u>1,761,359</u>	<u>1,739,749</u>	<u>1,726,574</u>
EXPENDITURES DISBURSED			
Support Services:			
Operations and Maintenance of Plant Services:			
Salaries	830,109	780,255	740,232
Benefits	144,367	143,468	142,147
Purchased services	346,460	319,767	311,412
Supplies and materials	230,340	241,042	234,267
Capital outlay	221,950	90,027	143,586
Other objects	300	226	519
Non-capitalized equipment	-	-	4,224
Total	<u>1,773,526</u>	<u>1,574,785</u>	<u>1,576,387</u>
Total Support Services	<u>1,773,526</u>	<u>1,574,785</u>	<u>1,576,387</u>
Total Expenditures Disbursed	<u>1,773,526</u>	<u>1,574,785</u>	<u>1,576,387</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,167)</u>	<u>164,964</u>	<u>150,187</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	3,000,000
Transfers out	-	-	(3,130,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(130,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,167)</u>	164,964	20,187
FUND BALANCE, BEGINNING OF YEAR		<u>901,259</u>	<u>881,072</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,066,223</u>	<u>\$ 901,259</u>

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 1,236,204	\$ 1,194,572	\$ 1,205,687
Earnings on investments	7,250	9,838	8,797
Total Local Sources	<u>1,243,454</u>	<u>1,204,410</u>	<u>1,214,484</u>
Total Revenues Received	<u>1,243,454</u>	<u>1,204,410</u>	<u>1,214,484</u>
EXPENDITURES DISBURSED			
Debt Service:			
Principal	1,038,543	877,474	1,013,717
Interest	344,009	370,283	320,329
Other	-	2,649	79,724
Total Debt Service	<u>1,382,552</u>	<u>1,250,406</u>	<u>1,413,770</u>
Total Expenditures Disbursed	<u>1,382,552</u>	<u>1,250,406</u>	<u>1,413,770</u>
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(139,098)</u>	<u>(45,996)</u>	<u>(199,286)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	1,315,000
Premium on refunding bonds issued	-	-	44,615
Transfer to bond escrow agent	-	-	(1,277,317)
Transfers in	-	52,048	133,231
Total Other Financing Sources (Uses)	<u>-</u>	<u>52,048</u>	<u>215,529</u>
NET CHANGE IN FUND BALANCE	<u>\$ (139,098)</u>	6,052	16,243
FUND BALANCE, BEGINNING OF YEAR		<u>505,273</u>	<u>489,030</u>
FUND BALANCE, END OF YEAR		<u>\$ 511,325</u>	<u>\$ 505,273</u>

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

DRAFT

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 1,262,178	\$ 1,241,640	\$ 1,244,360
Transportation fees	7,500	-	-
Earnings on investments	20,000	27,897	24,839
Other	(10,000)	-	14,138
Total Local Sources	<u>1,279,678</u>	<u>1,269,537</u>	<u>1,283,337</u>
State Sources:			
Transportation aid - regular	337,974	385,878	368,653
Transportation aid - special education	151,458	115,121	147,213
Total State Sources	<u>489,432</u>	<u>500,999</u>	<u>515,866</u>
Total Revenues Received	<u>1,769,110</u>	<u>1,770,536</u>	<u>1,799,203</u>
EXPENDITURES DISBURSED			
Support Services:			
Pupil Transportation:			
Salaries	26,500	24,859	25,011
Purchased services	1,417,245	1,200,506	1,350,227
Supplies and materials	82,500	68,087	76,475
Other Support Services:			
Purchased services	10,000	1,734	(4,063)
Total Support Services	<u>1,536,245</u>	<u>1,295,186</u>	<u>1,447,650</u>
Payments to Other Gov't Units:			
Purchased services	160,000	101,234	130,002
Total Expenditures Disbursed	<u>1,696,245</u>	<u>1,396,420</u>	<u>1,577,652</u>
NET CHANGE IN FUND BALANCE	<u>\$ 72,865</u>	374,116	221,551
FUND BALANCE, BEGINNING OF YEAR		<u>1,072,904</u>	<u>851,353</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,447,020</u>	<u>\$ 1,072,904</u>

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 382,843	\$ 374,388	\$ 364,534
FICA/Medicare levy	382,843	374,388	364,535
Personal property replacement taxes	3,000	1,000	1,000
Earnings on investments	-	4,704	3,517
	768,686	754,480	733,586
Total Local Sources			
	768,686	754,480	733,586
EXPENDITURES DISBURSED			
Instruction - Employee benefits	240,091	265,736	264,818
Support Services - Employee benefits	360,463	404,931	394,695
Community Services - Employee benefits	7,458	18,827	17,573
	608,012	689,494	677,086
Total Expenditures Disbursed			
	608,012	689,494	677,086
NET CHANGE IN FUND BALANCE	\$ 160,674	64,986	56,500
FUND BALANCE, BEGINNING OF YEAR		88,631	32,131
FUND BALANCE, END OF YEAR		\$ 153,617	\$ 88,631

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

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	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
Earnings on investments	\$ 7,500	\$ 38,694	\$ 19,133
Total Local Sources	7,500	38,694	19,133
Total Revenues Received	7,500	38,694	19,133
EXPENDITURES DISBURSED			
Support Services:			
Facilities and Acquisition Services:			
Purchase Services	20,000	18,365	6,100
Capital Outlay	1,620,592	1,726,790	125,464
Total Support Services	1,640,592	1,745,155	131,564
Total Expenditures Disbursed	1,640,592	1,745,155	131,564
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(1,633,092)	(1,706,461)	(112,431)
OTHER FINANCING SOURCES			
Transfers in	-	-	3,280,000
Total Other Financing Sources	-	-	3,280,000
NET CHANGE IN FUND BALANCE	\$ (1,633,092)	(1,706,461)	3,167,569
FUND BALANCE, BEGINNING OF YEAR		3,388,514	220,945
FUND BALANCE, END OF YEAR		1,682,053	\$ 3,388,514

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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

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	2020		2019
	Original and Final Budget	Actual	Actual
REVENUES RECEIVED			
Local Sources:			
General tax levies	\$ 222,157	\$ 221,734	\$ 212,352
Earnings on investments	750	3,143	1,362
Total Local Sources	<u>222,907</u>	<u>224,877</u>	<u>213,714</u>
Total Revenues Received	<u>222,907</u>	<u>224,877</u>	<u>213,714</u>
EXPENDITURES DISBURSED			
Support Services:			
General Administration:			
Worker's compensation			
Purchased services	93,348	83,069	99,018
Unemployment insurance			
Purchased services	3,500	2,132	340
General insurance:			
Purchased services	<u>61,500</u>	<u>64,473</u>	<u>58,288</u>
Total Support Services	<u>158,348</u>	<u>149,674</u>	<u>157,646</u>
Total Expenditures Disbursed	<u>158,348</u>	<u>149,674</u>	<u>157,646</u>
NET CHANGE IN FUND BALANCE	<u>\$ 64,559</u>	75,203	56,068
FUND BALANCE, BEGINNING OF YEAR		<u>136,133</u>	<u>80,065</u>
FUND BALANCE, END OF YEAR		<u>\$ 211,336</u>	<u>\$ 136,133</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 ACTIVITY FUNDS
 SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
 FOR THE YEAR ENDED JUNE 30, 2020

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	Cash Balance July 1, 2019	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2020
ASSETS				
Cash and investments in custody of School District	\$ 43,157	\$ 69,709	\$ 75,852	\$ 37,014
LIABILITIES				
Amount Due To Activity:				
MacArthur				
Library fines	\$ 677	\$ -	\$ -	\$ 677
Student senate	3,490	3,533	3,735	3,288
Industrial arts	1,128	700	1,344	484
Drama	5,688	-	1,159	4,529
Life skills	(19)	37	-	18
Choir	-	100	-	100
Orchestra	-	295	396	(101)
Pom-Pom	(3)	1,537	1,525	9
Eighth grade	(1,811)	531	8,916	(10,196)
Field trips	(652)	5,652	5,049	(49)
Student incentives	1,367	769	1,915	221
Home economics	834	669	272	1,231
Basketball	904	-	-	904
Track	2,405	-	283	2,122
Wrestling fund	2,732	645	-	3,377
Supervising teacher	-	65	-	65
Volleyball	1,098	-	-	1,098
Art	301	-	64	237
Charitable fund	1,146	2,450	2,450	1,146
Student spirit purchases	(309)	-	-	(309)
Eisenhower				
Field trips	1,333	4,202	2,916	2,619
Charitable fund	76	-	-	76
Student spirit purchases	6	-	-	6
Supervising teacher	-	65	-	65
Book fair and library books	370	5,308	3,976	1,702
Needy family	899	-	-	899
Sullivan				
Field trips	935	4,882	4,500	1,317
Camp scholarship	1,671	354	-	2,025
STEAM	307	-	18	289
Lego Robotics	405	1,494	1,334	565
Drama	2,719	845	7,822	(4,258)
Supervising teacher	-	105	28	77
Band	-	220	220	-
Library	3,534	5,055	3,613	4,976
Charitable	-	-	540	(540)
Needy family	487	-	180	307
Choir	-	5,491	-	5,491

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

DRAFT

	Cash Balance July 1, 2019	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2020
LIABILITIES				
Amount due to Activity: (Cont'd)				
Ross				
Field trips	\$ 283	\$ 5,990	\$ 3,909	\$ 2,364
Library book	2,518	4,179	3,703	2,994
Supervising teacher	-	65	-	65
Needy family	2,552	-	1,052	1,500
Charitable	136	9,784	9,784	136
STEAM	966	300	-	1,266
Student spirit purchases	5	1,475	1,460	20
Due to District	2,409	2,375	3,689	1,095
Interest earned account	2,570	537	-	3,107
	<u>2,570</u>	<u>537</u>	<u>-</u>	<u>3,107</u>
Total Amount Due To Activity	<u>\$ 43,157</u>	<u>\$ 69,709</u>	<u>\$ 75,852</u>	<u>\$ 37,014</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
 JUNE 30, 2020

DRAFT

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		
		Principal	Interest	Fiscal Payment
12/15/20		\$ 865,000	\$ 63,300	
06/15/21	6/30/2021	-	46,000	\$ 974,300
12/15/21		915,000	46,000	
06/15/22	6/30/2022	-	27,700	988,700
12/15/22		970,000	27,700	
06/15/23	6/30/2023	-	8,300	1,006,000
12/15/23	6/30/2024	415,000	8,300	423,300
TOTAL		\$ 3,165,000	\$ 227,300	\$ 3,392,300

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2020

DRAFT

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		
		Principal	Interest	Fiscal Payment
12/15/20		\$ -	\$ 30,200	
6/15/21	6/30/2021	-	30,200	\$ 60,400
12/15/21		-	30,200	
6/15/22	6/30/2022	-	30,200	60,400
12/15/22		-	30,200	
6/15/23	6/30/2023	-	30,200	60,400
12/15/23		490,000	30,200	
6/15/24		-	20,400	540,600
12/15/24	6/30/2024	960,000	20,400	980,400
TOTAL		\$ 1,450,000	\$ 252,200	\$ 1,702,200

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2020

DRAFT

Amount of Original Issue: \$2,775,000
Date of Issue: 02/13/19
Type: General Obligation Limited Tax
Working Cash Bonds, Series 2019A
Interest Rates 4.00%

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
12/15/20		\$ -	\$ 55,500	
6/15/21	6/30/2021	-	55,500	\$ 111,000
12/15/21		-	55,500	
6/15/22	6/30/2022	-	55,500	111,000
12/15/22		-	55,500	
6/15/23	6/30/2023	-	55,500	111,000
12/15/23		-	55,500	
6/15/24	6/30/2024	-	55,500	111,000
12/15/24		-	55,500	
6/15/25	6/30/2025	-	55,500	111,000
12/15/25		-	55,500	
6/15/26	6/30/2026	-	55,500	111,000
12/15/26		360,000	55,500	
6/15/27	6/30/2027	-	48,300	463,800
12/15/27		700,000	48,300	
6/15/28	6/30/2028	-	34,300	782,600
12/15/28		720,000	34,300	
6/15/29	6/30/2029	-	19,900	774,200
12/15/29		745,000	19,900	
6/15/30	6/30/2030	-	5,000	769,900
12/15/30	6/30/1931	250,000	5,000	255,000
TOTAL		\$ 2,775,000	\$ 936,500	\$ 3,711,500

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2020

DRAFT

Amount of Original Issue: \$1,315,000
Date of Issue: 02/13/19
Type: General Obligation Limited Tax
Refunding Bonds, Series 2019B
Interest Rates: 3.460 - 3.560%

Maturity Date	Year Ended	Payment		Fiscal Payment
		Principal	Interest	
12/15/20		\$ -	\$ 23,005	
6/15/21	6/30/2021	-	23,005	\$ 46,010
12/15/21		-	23,005	
6/15/22	6/30/2022	-	23,005	46,010
12/15/22		-	23,005	
6/15/23	6/30/2023	-	23,005	46,010
12/15/23		-	23,005	
6/15/24	6/30/2024	-	23,005	46,010
12/15/24		-	23,005	
6/15/25	6/30/2025	-	23,005	46,010
12/15/25		805,000	23,005	
6/15/26	6/30/2026	-	9,078	837,083
12/15/26	6/30/2027	510,000	9,078	519,078
TOTAL		<u>\$ 1,315,000</u>	<u>\$ 271,211</u>	<u>\$ 1,586,211</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF PER CAPITA TUITION CHARGE
 AND AVERAGE DAILY ATTENDANCE
 JUNE 30, 2020

DRAFT

	Year Ended June 30,		
	2020	2019	2018
Allowable Expenses	<u>\$ 19,203,831</u>	<u>\$ 18,793,849</u>	<u>\$ 18,510,376</u>
Average Daily Attendance	<u>1,441.30</u>	<u>1,406.70</u>	<u>1,425.47</u>
Per Capita Tuition Charge	<u>\$ 13,324</u>	<u>\$ 13,360</u>	<u>\$ 12,985</u>

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

Changes of Assumptions

For the 2019, 2018, 2017 and 2016 measurement years, 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, but the rates of increase in the 2018 measurement year were slightly higher.

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.

NOTE 2 - TEACHERS’ HEALTH INSURANCE SECURITY (THIS) FUND

Changes of Assumptions

The discount rate was changed from 3.62 percent at June 30, 2018, to 3.13 percent at June 30, 2019. The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2018, projected plan cost for plan year end June 30, 2019, premium changes through plan year end 2020, and expectation of future trend increases after June 30, 2019. The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2019. Per capita claim costs for plan year end June 30, 2019, were updated based on projected claims and enrollment experience through June 30, 2019, and updated premium rates through plan year 2020. Healthcare plan participation rates by plan were updated based on observed experience.

Amounts reported in 2018 reflect an investment rate of return of 0.00 percent, an inflation rate of 2.50 percent and salary increases that vary by amount of service credit. Amounts reported in 2017 reflect an investment rate of return of 0.00 percent, an inflation rate of 2.75 percent, and salary increases that vary by service credit. In 2016, assumptions used were an investment rate of return of 0.00 percent, an inflation rate of 2.75 percent, and salary increases that vary by amount of service. In 2015 and 2014, assumptions used were an investment rate of return of 4.50 percent, an inflation rate of 3.00 percent, and salary increases that vary by amount of service.

NOTE 3 – 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 11, 2019.

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.

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (CONT'D)

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 4 – EXCESS OF EXPENDITURES OVER BUDGET

The District over-expended its budget in the Educational Account; actual expenditures of \$29,372,872 exceeded budgeted expenditures of \$19,212,147 by a difference of \$10,160,725. The District recognized, but did not budget for, revenue of \$10,048,993 in on-behalf payments to offset expenditures of \$10,048,993. After eliminating on-behalf revenue and expenditures, the Educational Account expenditures were over budgeted by \$111,732.

The District also over-expended its budgets in the following funds: the Municipal Retirement/Social Security Fund's actual expenditures of \$689,494 exceeded budgeted expenditures of \$608,012 by a difference of \$81,482 and the Capital Projects Fund 's actual expenditures of \$1,745,155 exceeded budgeted expenditures of 1,640,592 by a difference of \$104,563. The over expenditures in these funds were covered by the District's current year operating surplus and existing fund balances.