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ANNUAL FINANCIAL REPORT

**PROSPECT HEIGHTS SCHOOL
DISTRICT NO. 23
PROSPECT HEIGHTS, ILLINOIS**

JUNE 30, 2019

**PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TABLE OF CONTENTS
JUNE 30, 2019**

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
Other Information:		
Management's Discussion and Analysis		3
Basic Financial Statements:		
<i>Government-Wide Financial Statements</i>		
Statement of Net Position – Modified Cash Basis	A	13
Statement of Activities – Modified Cash Basis	B	14
<i>Fund Financial Statements</i>		
Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Governmental Funds	C	15
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	D	18
Statement of Assets and Liabilities – Modified Cash Basis – Agency Funds	E	23
Notes to Financial Statements		24
Other Information		
Schedule of the Employer's Proportionate Share of the Net Pension Liability – Teachers' Retirement System (TRS)		46
Schedule of Employer Contributions – Teachers' Retirement System (TRS)		47
Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund (IMRF)		48
Schedule of Employer Contributions – Illinois Municipal Retirement Fund (IMRF)		49
	<u>Schedule</u>	
Combining Schedule of Assets, Liabilities and Fund Balances – Modified Cash Basis – General Fund	1	50
Combining Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Modified Cash Basis – General Fund	2	51

**PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TABLE OF CONTENTS
JUNE 30, 2019**

DRAFT

	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual		
Educational Account	3	67
Working Cash Account	4	75
Operations and Maintenance Fund	5	76
Debt Service Fund	6	77
Transportation Fund	7	78
Municipal Retirement/Social Security Fund	8	79
Capital Projects Fund	9	80
Tort Fund	10	81
Schedule of Revenues Received and Expenditures Disbursed – Activity Funds	11	82
Schedule of Bonded Debt Maturities and Interest – 2013 Ltd Tax School Bonds	12	84
Schedule of Bonded Debt Maturities and Interest – 2014 Ltd Tax School Bonds	13	85
Schedule of Bonded Debt Maturities and Interest – 2019A Ltd Tax School Bonds	14	86
Schedule of Bonded Debt Maturities and Interest – 2019B Refunding Bonds	15	87
Schedule of Per Capita Tuition Charge and Average Daily Attendance	16	88
Notes to Other Information		89



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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, 2019, 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, 2019, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters**Other Information**

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **October XX, 2019**, on our consideration of Prospect Heights School District No. 23’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prospect Heights School District No. 23’s internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

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

October XX, 2019

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, 2019. 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, 2019, by \$18,429,952 (net position).
- The District's total net position increased by \$888,473.
- The State of Illinois employer pension contributions "on-behalf" of the District are recorded for both revenue and expenditures and therefore do not affect the ending fund balance in the Educational Account.
- It should be noted that in order to comply with GASB, the Educational and Working Cash Accounts have been combined into the General Fund for purposes of the audit only. The District continues to delineate their revenue and expenditures in compliance with the Illinois State Board of Education – Illinois Program Accounting Manual for operating purposes.
- The District ended the fiscal year with revenues exceeding expenditures before other financing sources and uses in the Operating Funds. The Operating Funds are defined as the Educational Account, Operations and Maintenance, Transportation and Municipal Retirement/Social Security Funds.
- The 2018-2019 adopted budget was initially approved with Educational Fund expenditures exceeding revenues by approximately \$189K. Transfers out of the Educational Fund into Capital Projects in excess of \$283K allowed the District to better position itself to address upcoming facility needs.

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 2018-2019. 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, 2019, and 2018:

	Governmental Activities	
	2019	2018
Assets:		
Current Assets	\$ 11,847,224	\$ 8,748,397
Capital Assets (Less Depreciation)	16,457,296	16,632,876
Total Assets	<u>28,304,520</u>	<u>25,381,273</u>
Liabilities:		
Current Liabilities	129,763	133,286
Noncurrent Liabilities	9,744,805	7,706,508
Total Liabilities	<u>9,874,568</u>	<u>7,839,794</u>
Net Position:		
Net Investment in Capital Assets	6,712,491	8,926,368
Restricted	6,092,714	2,554,596
Unrestricted	5,624,747	6,060,515
Total Net Position	<u>\$ 18,429,952</u>	<u>\$ 17,541,479</u>

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 \$18,429,952.

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, \$901,259; Transportation Fund, \$1,072,904; Municipal Retirement/Social Security Fund, \$88,631; Debt Service Fund, \$505,273; Capital Projects Fund, \$3,388,514; and the Tort Fund, \$136,133. The District's total restricted net position at the end of the fiscal year totaled \$6,092,714. 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, 2019, and 2018:

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 1,163,952	\$ 876,932
Operating grants	7,711,497	9,729,797
General Revenues:		
Property taxes	19,029,249	18,592,304
Personal property replacement taxes	75,352	69,653
Evidence based funding formula	1,753,620	1,712,590
Unrestricted investment earnings	298,869	136,899
Other	271,996	20,901
Total Revenues	<u>30,304,535</u>	<u>31,139,076</u>
Expenses:		
Instruction	17,492,286	18,826,407
Support services	9,861,746	9,183,984
Community services	222,583	208,387
Payments to other gov't units	528,313	619,085
Interest and fees on long-term debt	472,370	326,956
Depreciation (unallocated)	838,764	796,336
Total Expenditures	<u>29,416,062</u>	<u>29,961,155</u>
Change in Net Position	888,473	1,177,921
Net Position - Beginning	<u>17,541,479</u>	<u>16,363,558</u>
Net Position - Ending	<u>\$ 18,429,952</u>	<u>\$ 17,541,479</u>

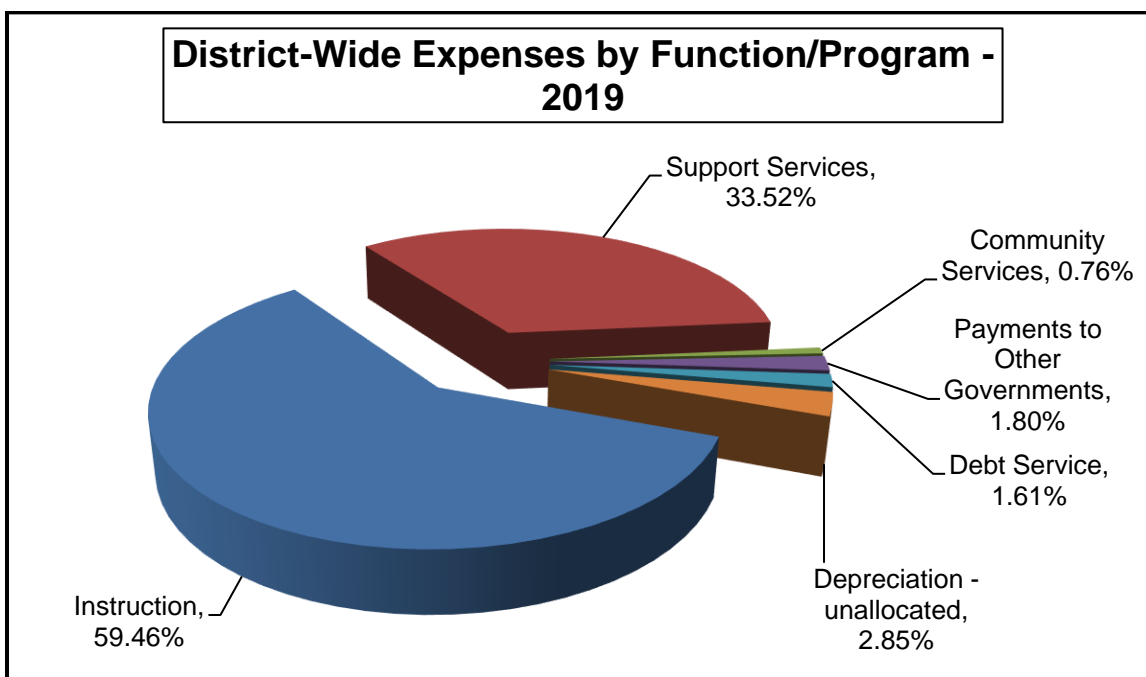
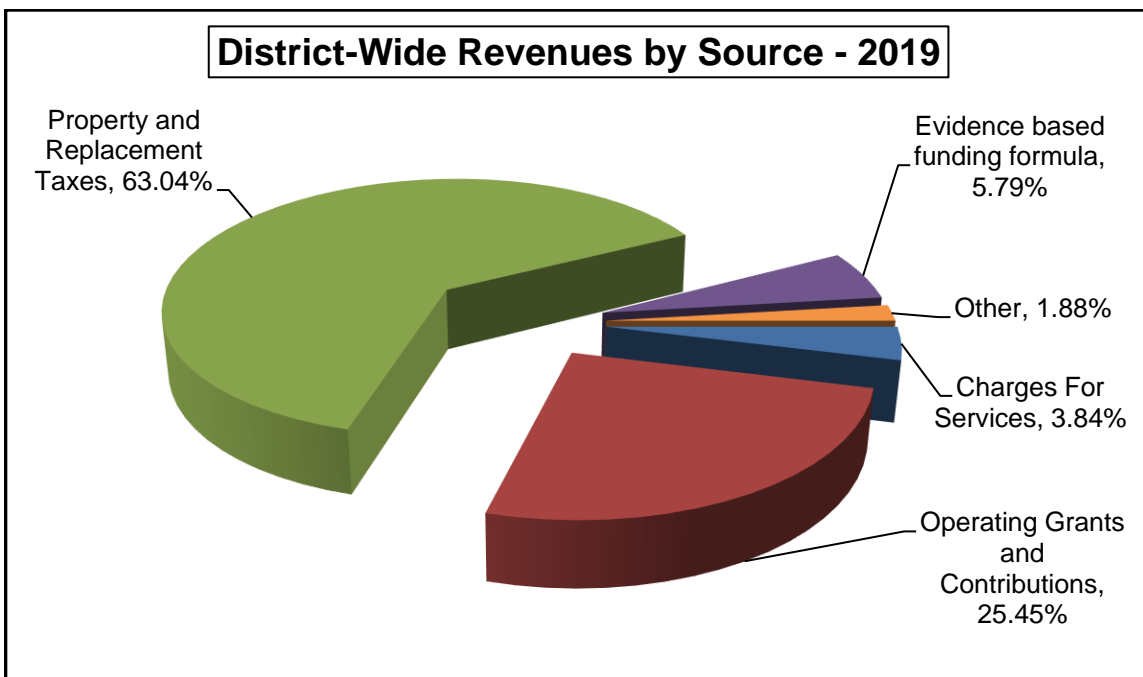
Change in Net Position: The District's combined net position increased by \$888,473 to \$18,429,952 in fiscal year 2019.

The District's total revenues were \$30,304,535 for governmental activities. Local taxes (predominantly real estate taxes) were \$19,104,601 or 63.04% of the total. Charges for services were \$1,163,952 or 3.84%. State and federal funding and grants were \$7,711,497 or 25.45% of the total. Evidence based funding formula was \$1,753,620 or 5.79%. Unrestricted investments earned and other of \$570,865 or 1.88%.

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

Total costs for all governmental programs totaled \$29,416,062. 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	2019	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 17,492,286	\$ 18,826,407
Support services	9,861,746	9,183,984
Community services	222,583	208,387
Payments to other gov't units	528,313	619,085
Debt service	472,370	326,956
Depreciation (unallocated)	838,764	796,336
Total Expenses	\$ 29,416,062	\$ 29,961,155

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 \$11,717,461. Overall, the District had an increase in Fund Balance for the 2018-2019 Fiscal Year in the amount of \$3,102,350 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 \$592,301, resulting in an ending fund balance of \$5,464,236.
- The District transferred out \$133,231 to the Debt Service Fund for payment of capital lease principal and interest and \$150,000 to the Capital Projects Fund for various projects.

Working Cash Account

- Fund balance increased by \$156,533.
- Working Cash bonds were issued in the amount of \$2,775,000.
- The District transferred \$3,000,000 to the Operations and Maintenance Fund.

Operations and Maintenance Fund

- Fund balance increased by \$20,187, resulting in an ending fund balance of \$901,259.
- The District transferred out \$3,130,000 to the Capital Projects Fund for various projects.

Capital Projects Fund

- Fund balance increased by \$3,167,569, due to transfers from the Educational Account and the Operations and Maintenance Fund, resulting in an ending fund balance of \$3,388,514.

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 \$350,362.

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 \$6,247,569. The reason for this over-expenditure is due to the District not budgeting for actual on-behalf payments of \$6,236,101 to the State.

Capital Asset and Debt Administration

Capital Assets:

The District invested \$663,184 in capital assets, including school buildings, technology, and equipment during the 2019 fiscal year. Total depreciation expense for the year was \$838,764, with accumulated depreciation of \$7,169,500 resulting in depreciable capital assets after depreciation of \$16,457,296.

Non-depreciable capital assets including land and construction in progress accounted for \$531,402 in capital assets, resulting in total capital assets on June 30, 2018, of \$16,457,296. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets (Net of Depreciation)			
Functions/Programs	2019	2018	Percentage Change
Land	\$ 405,938	\$ 405,938	0.00%
Construction in Progress	125,464	-	100.00%
Land Improvements	393,424	416,462	-5.53%
Buildings and Improvements	14,633,039	15,146,629	-3.39%
Equipment and Furniture	879,159	635,580	38.32%
Transportation	20,272	28,267	-28.28%
Totals	<u>\$ 16,457,296</u>	<u>\$ 16,632,876</u>	-1.06%

Long-term Debt:

At year-end, the District had 9,744,805 in general obligation bonds and other long-term debt outstanding. The District entered into a capital lease agreement for band instruments for \$5,373. 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	2019	2018	Percentage Change
General Obligation Bonds	\$ 9,540,000	\$ 7,540,000	26.53%
Capital Leases	204,805	166,508	23.00%
Totals	<u>\$ 9,744,805</u>	<u>\$ 7,706,508</u>	26.45%

Factors bearing on the District's Future

The Board of Education and the Prospect Heights Education Association are beginning the first 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.

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

The District developed a new Educational Technology Plan. The focus of the plan is instruction, professional development, data privacy, and the tools necessary to support instruction. The District plans to continue with the 1:1 iPad Program in grades 4-8, and 2:1 iPad Program in grades K-3. The District continued to evaluate network infrastructure and connectivity enhancements as the equipment is aging for replacement cycles by leveraging eRate funding. Additionally, the District is evaluating teacher devices for replacement, while updating the current analog phone system to a digital phone system.

The District is allowing for approximately \$55,000 in unexpended building allocations to be carried over into the next fiscal year to be used for classroom improvements. These funds have been accounted for in the budget and approved by the Board of Education. This is the second year that the District has allowed for budget surpluses from the prior fiscal year to be used in the current fiscal year for building level, classroom improvements. Approximately \$55,000 of the additional/increased spending is from building level and department level budgets to improve classroom settings with new furniture, computer lab refurbishments and other supplies/materials – these funds are part of the unspent dollars in FY2019 and projected expenditures in FY2020. Also, projects in the facilities department were allowed to be worked on while crossing over fiscal years in order to provide sufficient time for completion – these funds also contribute to the increase in overall expenditures even though they were part of the FY2019 budget.

In addition, while FY2019 showed another year of significant increases in transportation services, the District remains optimistic that the negotiation of the contract extension with First Student, combined with the continued review and consolidation of routes, will see expenditures level out in FY2020.

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 (a much smaller percentage than FY2018 paid in FY2019) and a small increase in monies received under the new “Evidence Based Funding” model adopted in FY2018 for general state aid. For FY2020, the District is projected to receive a slight increase in Evidence Based Funding dollars as well as growth in its property tax revenue due to the value of new property in the District that increases its equalized assessed value. As such, the District’s finances will provide a balanced budget for FY2020 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 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 money it receives. If you have questions about this report, or need additional financial information, contact the Business Office at 700 North Schoenbeck Road, Prospect Heights, IL or 847-870-5552.

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BASIC FINANCIAL STATEMENTS

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 STATEMENT OF NET POSITION
 MODIFIED CASH BASIS
 JUNE 30, 2019

EXHIBIT A

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	Governmental Activities
ASSETS	
Cash and investments	\$ 11,847,224
Capital assets not being depreciated:	
Land	405,938
Construction in progress	125,464
Capital assets, net of accumulated depreciation:	
Buildings and improvements	14,633,039
Land improvements	393,424
Transportation equipment	20,272
Equipment	879,159
Total Assets	28,304,520
LIABILITIES	
Payroll deductions payable	129,763
Non-current liabilities:	
Due within one year	877,474
Due in more than one year	8,867,331
Total Liabilities	9,874,568
NET POSITION	
Net investment in capital assets	6,712,491
Restricted	6,092,714
Unrestricted	5,624,747
Total Net Position	\$ 18,429,952

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, 2019

EXHIBIT B

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FUNCTIONS/ PROGRAMS	Expenses Disbursed	Program Revenues Received			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 17,492,286	\$ 839,659	\$ 6,803,616	\$ -	\$ (9,849,011)
Support services	9,861,746	324,293	907,881	-	(8,629,572)
Community services	222,583	-	-	-	(222,583)
Payments to other gov't units	528,313	-	-	-	(528,313)
Debt Service:					
Interest and other	472,370	-	-	-	(472,370)
Depreciation - unallocated	838,764	-	-	-	(838,764)
Total Governmental Activities	\$ 29,416,062	\$1,163,952	\$ 7,711,497	\$ -	(20,540,613)

GENERAL REVENUES RECEIVED:

Taxes:

Property taxes, levied for general purposes	17,823,562
Property taxes, levied for debt service	1,205,687
Personal property replacement taxes	75,352
Evidence based funding formula	1,753,620
Impact fees	2,381
Unrestricted earnings on investments	298,869
Premium on bonds issued	269,615

Total General Revenues Received 21,429,086

CHANGE IN NET POSITION 888,473

NET POSITION - JULY 1, 2018 17,541,479

NET POSITION - JUNE 30, 2019 \$ 18,429,952

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, 2019

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
ASSETS				
Cash and investments	\$ 5,755,647	\$ 900,086	\$ 505,273	\$ 1,072,940
Total Assets	<u>\$ 5,755,647</u>	<u>\$ 900,086</u>	<u>\$ 505,273</u>	<u>\$ 1,072,940</u>
LIABILITIES				
Payroll deductions payable	\$ 130,900	\$ (1,173)	\$ -	\$ 36
Total Liabilities	<u>130,900</u>	<u>(1,173)</u>	<u>-</u>	<u>36</u>
FUND BALANCES				
Restricted	-	901,259	505,273	1,072,904
Unassigned	5,624,747	-	-	-
Total Fund Balances	<u>5,624,747</u>	<u>901,259</u>	<u>505,273</u>	<u>1,072,904</u>
Total Liabilities and Fund Balances	<u>\$ 5,755,647</u>	<u>\$ 900,086</u>	<u>\$ 505,273</u>	<u>\$ 1,072,940</u>

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

Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
<u>\$ 88,631</u>	<u>\$ 3,388,514</u>	<u>\$ 136,133</u>	<u>\$ 11,847,224</u>
<u>\$ 88,631</u>	<u>\$ 3,388,514</u>	<u>\$ 136,133</u>	<u>\$ 11,847,224</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,763</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>129,763</u>
88,631	3,388,514	136,133	6,092,714
-	-	-	5,624,747
<u>88,631</u>	<u>3,388,514</u>	<u>136,133</u>	<u>11,717,461</u>
<u>\$ 88,631</u>	<u>\$ 3,388,514</u>	<u>\$ 136,133</u>	<u>\$ 11,847,224</u>

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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, 2019

Total fund balances-governmental funds (Exhibit C) \$ 11,717,461

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	
Construction in progress	125,464	
Land improvements	788,721	
Buildings	19,701,500	
Equipment	2,516,211	
Transportation equipment	<u>88,962</u>	
Total cost of capital assets	23,626,796	
Accumulated depreciation	<u>(7,169,500)</u>	
Net capital assets		16,457,296

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	\$ (204,805)	
Bonds payable	<u>(9,540,000)</u>	<u>(9,744,805)</u>

Total net position - governmental activities (Exhibit A) \$ 18,429,952

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, 2019

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
REVENUES				
Local Sources:				
General tax levies	\$ 14,053,495	\$ 1,584,286	\$ 1,205,687	\$ 1,244,360
Personal property replacement taxes	74,352	-	-	-
Summer school tuition from pupils or parents	2,550	-	-	-
Earnings on investments	221,976	19,245	8,797	24,839
Food services	189,549	-	-	-
Pupil activities	62,680	-	-	-
Textbooks	250,458	-	-	-
Rentals	-	120,606	-	-
Refund of prior years' expenditures	21,195	-	-	-
Impact fees	-	2,381	-	-
Other	502,720	56	-	14,138
State Sources	7,993,703	-	-	515,866
Federal Sources	955,548	-	-	-
	24,328,226	1,726,574	1,214,484	1,799,203
EXPENDITURES				
Current:				
Instruction				
Regular programs	13,199,590	-	-	-
Special education programs	2,438,616	-	-	-
Special education programs - pre-K	202,152	-	-	-
Remedial and supplemental programs	85,672	-	-	-
CTE programs	117,480	-	-	-
Interscholastic programs	148,713	-	-	-
Summer school programs	86,650	-	-	-
Bilingual programs	673,215	-	-	-
Special Education private tuition	275,380	-	-	-
Support Services				
Attendance and social work services	377,411	-	-	-
Health services	685,456	-	-	-
Psychological services	359,311	-	-	-
Speech pathology/audiology services	496,590	-	-	-
Other support services - pupils	41,251	-	-	-
Improvement of instruction services	498,985	-	-	-
Educational media services	1,222,663	-	-	-
Assessment and testing services	29,888	-	-	-
Board of Education services	36,259	-	-	-
Executive administration services	346,056	-	-	-

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Municipal Retirement/ Social Security Fund	Capital Projects Fund	Tort Fund	Total Governmental Funds
\$ 729,069	\$ -	\$ 212,352	\$ 19,029,249
1,000	-	-	75,352
-	-	-	2,550
3,517	19,133	1,362	298,869
-	-	-	189,549
-	-	-	62,680
-	-	-	250,458
-	-	-	120,606
-	-	-	21,195
-	-	-	2,381
-	-	-	516,914
-	-	-	8,509,569
-	-	-	955,548
<u>733,586</u>	<u>19,133</u>	<u>213,714</u>	<u>30,034,920</u>
77,574	-	-	13,277,164
153,216	-	-	2,591,832
-	-	-	202,152
6,043	-	-	91,715
1,386	-	-	118,866
2,571	-	-	151,284
6,202	-	-	92,852
17,826	-	-	691,041
-	-	-	275,380
4,601	-	-	382,012
88,294	-	-	773,750
3,794	-	-	363,105
6,157	-	-	502,747
-	-	-	41,251
13,076	-	-	512,061
40,055	-	-	1,262,718
-	-	-	29,888
-	-	-	36,259
12,583	-	-	358,639

(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, 2019

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	General Fund	Operations and Maintenance Fund	Debt Service Fund	Transportation Fund
Support services (Continued)				
Tort services	\$ 62,518	\$ -	\$ -	\$ -
Office of the principal services	1,116,781	-	-	-
Direction of business services	163,738	-	-	-
Fiscal services	195,989	-	-	-
Facilities and acquisition	-	-	-	-
Operations and maintenance of plant services	-	1,432,801	-	-
Pupil transportation services	-	-	-	1,447,650
Food services	495,455	-	-	-
Internal services	45,978	-	-	-
Planning, research, development and evaluation services	25,000	-	-	-
Information services	124,928	-	-	-
Staff services	137,579	-	-	-
Data processing services	25,778	-	-	-
Other support services - central	9,560	-	-	-
Community services	205,010	-	-	-
Payments to other gov't units	398,311	-	-	130,002
Capital outlay	394,134	143,586	-	-
Debt Service:				
Principal	-	-	1,013,717	-
Interest	-	-	320,329	-
Other	-	-	79,724	-
	24,722,097	1,576,387	1,413,770	1,577,652
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(393,871)	150,187	(199,286)	221,551
OTHER FINANCING SOURCES (USES)				
Capital lease	224,360	-	-	-
Refunding bonds issued	-	-	1,315,000	-
Premium on refunding bonds issued	-	-	44,615	-
Bonds issued	2,775,000	-	-	-
Premium on bonds issued	225,000	-	-	-
Transfer to bond escrow agent	-	-	(1,277,317)	-
Sale of capital assets	16,974	-	-	-
Transfers in	-	3,000,000	133,231	-
Transfers out	(3,283,231)	(3,130,000)	-	-
	(41,897)	(130,000)	215,529	-
NET CHANGE IN FUND BALANCES	(435,768)	20,187	16,243	221,551
FUND BALANCE, JULY 1, 2018	6,060,515	881,072	489,030	851,353
FUND BALANCE, JUNE 30, 2019	\$ 5,624,747	\$ 901,259	\$ 505,273	\$ 1,072,904

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
\$ -	\$ -	\$ 157,646	\$ 220,164
56,496	-	-	1,173,277
2,039	-	-	165,777
19,044	-	-	215,033
-	6,100	-	6,100
127,482	-	-	1,560,283
1,044	-	-	1,448,694
5,978	-	-	501,433
-	-	-	45,978
-	-	-	25,000
-	-	-	124,928
13,933	-	-	151,512
-	-	-	25,778
119	-	-	9,679
17,573	-	-	222,583
-	-	-	528,313
-	125,464	-	663,184
-	-	-	1,013,717
-	-	-	320,329
-	-	-	79,724
<u>677,086</u>	<u>131,564</u>	<u>157,646</u>	<u>30,256,202</u>
<u>56,500</u>	<u>(112,431)</u>	<u>56,068</u>	<u>(221,282)</u>
-	-	-	224,360
-	-	-	1,315,000
-	-	-	44,615
-	-	-	2,775,000
-	-	-	225,000
-	-	-	(1,277,317)
-	-	-	16,974
-	3,280,000	-	6,413,231
-	-	-	(6,413,231)
<u>-</u>	<u>3,280,000</u>	<u>-</u>	<u>3,323,632</u>
56,500	3,167,569	56,068	3,102,350
<u>32,131</u>	<u>220,945</u>	<u>80,065</u>	<u>8,615,111</u>
<u>\$ 88,631</u>	<u>\$ 3,388,514</u>	<u>\$ 136,133</u>	<u>\$ 11,717,461</u>

(Continued)

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, 2019

Total net change in fund balances-governmental funds (Exhibit D) \$ 3,102,350

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	\$ 663,184	
Depreciation expense	<u>(838,764)</u>	
Capital outlay in excess of depreciation expense		(175,580)

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	186,063	
Principal paid on bonds	<u>885,000</u>	
Total principal paid		1,071,063

Proceeds from debt issued and payments to refunding agents are reported as financing sources/(uses) thus contributing to the change in fund balance. In the government-wide statements, however, issuing debt increases, and refunding decreases, long-term liabilities in the statement of net position and does not affect the statement of activities.

Bonds issued		(4,090,000)
Payment to refunded bonds escrow agent		1,205,000
Proceeds received from capital lease		<u>(224,360)</u>

Change in net position of governmental activities (Exhibit B) \$ 888,473

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, 2019

EXHIBIT E

DRAFT

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 43,157</u>
Total Assets	<u>\$ 43,157</u>
LIABILITIES	
Due to organizations	<u>\$ 43,157</u>
Total Liabilities	<u>\$ 43,157</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, \$901,259; Debt Service Fund, \$505,273; Transportation Fund, \$1,072,904; Municipal Retirement/Social Security Fund, \$88,631; Capital Projects Fund, \$3,388,514; and Tort Fund, \$136,133, totaling \$6,092,714.

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, 2019, 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, 2019, 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, 2019, 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, 2019, 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 2018 tax levy was December 12, 2018, and the adoption date for the 2017 tax levy was December 13, 2017. 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, 2019, the Assistant Treasurer holds all monies in money market type investments, certificates of deposit and municipal bonds. As of June 30, 2019, the fair value of all cash and investments held by the Assistant Treasurer was \$307,999,650 and the fair value of the District's proportionate share of the pool was \$12,089,113. The carrying amount of the District's deposits and investments total \$11,847,224, 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, 2019, the carrying amount of the deposits held at the District, not including investments held by the Assistant Treasurer as described above, totaled \$43,157 and the bank and investment balances totaled \$44,807. Of this amount, \$44,807 was invested in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) as of June 30, 2019.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

DRAFT

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, 2019, 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			
	2018		2017	
Equalized Assessed Valuation:	\$ 548,505,405		\$ 553,717,876	
Fund	Rates	Extensions	Rates	Extensions
Educational	2.6125	\$ 14,329,704	2.5616	\$ 14,183,939
Operations and Maintenance	0.2953	1,619,736	0.2940	1,627,730
Bond and Interest	0.2267	1,243,462	0.2217	1,227,595
Transportation	0.2299	1,261,014	0.2325	1,287,500
Municipal Retirement	0.0696	381,760	0.0655	362,560
Social Security	0.0696	381,760	0.0655	362,560
Working Cash	0.0500	274,253	-	-
Tort	0.0406	222,693	0.0381	211,150
Totals	3.5942	\$ 19,714,382	3.4789	\$ 19,263,034

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

DRAFT

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
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	405,938	125,464	-	531,402
Capital assets, being depreciated:				
Buildings	19,568,680	132,820	-	19,701,500
Land improvements	788,721	-	-	788,721
Equipment	2,111,311	404,900	-	2,516,211
Transportation equipment	88,962	-	-	88,962
Total capital assets, being depreciated	22,557,674	537,720	-	23,095,394
Less: Accumulated depreciation:				
Buildings	4,422,051	646,410	-	5,068,461
Land improvements	372,259	23,038	-	395,297
Equipment	1,475,731	161,321	-	1,637,052
Transportation equipment	60,695	7,995	-	68,690
Total accumulated depreciation	6,330,736	838,764	-	7,169,500
Total capital assets, being depreciated, net	16,226,938	(301,044)	-	15,925,894
Governmental activities capital assets	\$ 16,632,876	\$ (175,580)	\$ -	\$ 16,457,296
Depreciation was charged to functions as follows:				
Governmental Activities:				
Unallocated		\$ 838,764		

NOTE 5 – LONG-TERM OBLIGATIONS

Changes in long-term obligations are summarized as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Capital Leases:					
De Lage copiers	\$ 96,716	\$ 224,360	\$ 121,644	\$ 199,432	\$ 40,683
KS Bank - instruments	15,164	-	9,791	5,373	1,791
Apple iPad Air2 computers	54,628	-	54,628	-	-
Sub-Total Capital Leases	166,508	224,360	186,063	204,805	42,474
General Obligation Bonds:					
02/07/13 School Bond	5,400,000	-	1,400,000	4,000,000	-
01/28/14 School Bond	2,140,000	-	690,000	1,450,000	835,000
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	7,540,000	4,090,000	2,090,000	9,540,000	835,000
Total Long-Term Obligations	\$ 7,706,508	\$ 4,314,360	\$ 2,276,063	\$ 9,744,805	\$ 877,474

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, 2019, is \$4,000,000.

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, 2019, 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, 2019, 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, 2019, is \$1,315,000.

Advanced Refunding

The proceeds from the Series 2019B General Obligation Limited Tax Refunding Bonds were used to advance refund \$515,000 of the Series 2013 Working Cash Bonds and \$690,000 of the Series 2014 Working Cash Bonds. The net proceeds of \$1,277,317 were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2013 Working Cash Bonds and the Series 2014 Working Cash Bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$72,317. This amount is being netted against the new debt and expensed. The District refunded these bonds to reduce its total debt service payments. The economic loss (difference between the present values of the debt service payments on the old and new debt) associated with this refunding was \$103,573.

Capital Lease/Installment Loan Obligations

The District entered into a capital lease for the purchase of printers and copiers. The lease provides for annual principal payments on July 15 of each year with final payment due on July 15, 2019. The interest rate is 4.09% per year. This equipment was traded in on new equipment and the remaining balance of the capital lease was absorbed by the new capital lease. The new capital lease provides for biennial payments of \$24,928. The balance due as of June 30, 2019 is \$199,432. The current fiscal year depreciation is \$18,697 with accumulated depreciation at year-end of \$18,697.

The District entered into a capital lease for the purchase of Apple iPad Air 2 equipment. The lease provides for annual principal payments on July 15 of each year with final payment due on July 15, 2018. The interest rate was 2.88% per year. This lease has been paid in full as of June 30, 2019. On a unit basis this equipment is below the District capitalization threshold and therefore not capitalized.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

DRAFT

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

The District entered into a capital lease for the purchase of musical instruments. The lease provides annual principal payments on August 1 of each year with final payment on August 1, 2021. The interest rate is 5.56% per year. The balance due as of June 30, 2019, is \$5,373. The current fiscal year depreciation is \$1,950 with accumulated depreciation at year-end of \$2,600.

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

As of June 30, 2019, 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
2020	\$ 42,474	\$ 9,574	\$ 835,000	\$ 360,710	\$ 877,474	\$ 370,284
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>\$ 204,805</u>	<u>\$ 26,123</u>	<u>\$ 9,540,000</u>	<u>\$ 2,052,921</u>	<u>\$ 9,744,805</u>	<u>\$ 2,079,044</u>

Legal Debt Margin

The Illinois School Code limits the amount of indebtedness to 6.9% of \$548,505,405, which is the most recent available equalized assessed valuation of the District; therefore, the District's legal debt margin as of June 30, 2019, is \$37,846,873. As of June 30, 2019, the outstanding bonded debt to which the legal debt margin applies is \$9,540,000 and applicable capital lease debt is \$204,805, leaving an available borrowing power of \$28,102,068.

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.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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.

Benefits Provided

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

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

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

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. 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, 2018, 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, 2019, 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 \$6,104,093 in pension contributions from the State of Illinois.

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

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, 2019, were \$61,746, and are deferred because they were paid after the June 30, 2018, measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2019, the employer pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$25,045 were paid from federal and special trust funds that required employer contributions of \$2,467. These contributions are deferred because they were paid after the June 30, 2018, 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. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3% if members are not exempted by current collective bargaining agreements or contracts.

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, 2019, the employer paid \$-0- to TRS for employer contributions due on salary increases in excess of 6%, \$4,168 for salary increases in excess of 3% 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, 2018, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 948,773
State's proportionate share of the net pension liability associated with the District	<u>64,994,909</u>
Total	<u><u>\$ 65,943,682</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. 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, 2018, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2018, the employer's proportion was 0.0012172361%, which was a decrease of 0.0009677552 from its proportion measured as of June 30, 2017.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

DRAFT

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

For the year ended June 30, 2019, the District recognized pension expense of \$6,168,306 and revenue of \$6,104,093 for support provided by the state. As of June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,068	\$ 207
Net difference between projected and actual earnings on pension plan investments	-	2,905
Changes of assumptions	41,613	26,890
Changes in proportion and differences between employer contributions and proportionate share of contributions	225,446	609,607
Employer contributions subsequent to the measurement date	64,213	-
Total	\$ 350,340	\$ 639,609

\$64,213 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

Year Ended June 30,	Amount
2020	\$ (40,354)
2021	(60,871)
2022	(72,957)
2023	(120,607)
2024	(58,693)

Actuarial Assumptions

The total pension liability in the June 30, 2018, 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, 2018 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-2014. In the June 30, 2017 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:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

DRAFT

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%	6.70%
U.S. equities small/mid cap	2.0%	7.90%
International equities developed	13.6%	7.00%
Emerging market equities	3.4%	9.40%
U.S. bonds core	8.0%	2.20%
U.S. bonds high yield	4.2%	4.40%
International debt developed	2.2%	1.30%
Emerging international debt	2.6%	4.50%
real estate	16.0%	5.40%
Real return	4.0%	1.80%
Absolute return	14.0%	3.90%
Private equity	15.0%	10.20%
Total	100%	

Discount Rate

As of June 30, 2018, the discount rate used to measure the total pension liability was 7.00%, which was the same as the June 30, 2017 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, 2018, was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I’s liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 1,163,580	\$ 948,773	\$ 775,788

TRS fiduciary net position

Detailed information about the TRS’s fiduciary net position as of June 30, 2018, 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, 2018, the following employees were covered by the benefit terms:

	IMRF
Retirees and beneficiaries currently receiving benefits	76
Inactive plan members entitled to but not yet receiving benefits	81
Active plan members	77
Total	234

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 2018 was 10.83%. For the fiscal year ended 2019, the employer contributed \$308,750 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, 2018. 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, 2018:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Price Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- 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:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37%	8.50%	7.15%
International Equities	18%	9.20%	7.25%
Fixed Income	28%	3.75%	3.75%
Real Estate	9%	7.30%	6.25%
Alternatives	7%		
Private Equity		12.40%	8.50%
Hedge Funds		5.75%	5.50%
Commodities		4.75%	3.20%
Cash Equivalents	1%	2.50%	2.50%
Total	100%		

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:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

DRAFT

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 13,799,508	\$ 13,143,620	\$ 655,888
Changes for the year:			
Service Cost	281,601	-	281,601
Interest on the Total Pension Liability	1,018,520	-	1,018,520
Differences Between Expected and Actual Experience of the Total Pension Liability	(1,066)	-	(1,066)
Changes of Assumptions	369,609	-	369,609
Contributions - Employer	-	308,750	(308,750)
Contributions - Employees	-	129,923	(129,923)
Net Investment Income	-	(733,240)	733,240
Benefit Payments, including Refunds of Employee Contributions	(720,086)	(720,086)	-
Other (Net Transfer)	-	133,554	(133,554)
Net Changes	948,578	(881,099)	1,829,677
Balances at December 31, 2018	\$ 14,748,086	\$ 12,262,521	\$ 2,485,565

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:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
Total pension liability	\$ 16,402,556	\$ 14,748,086	\$ 13,360,693
Plan fiduciary net position	12,262,521	12,262,521	12,262,521
Net pension liability / (asset)	\$ 4,140,035	\$ 2,485,565	\$ 1,098,172

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

For the year ended June 30, 2019, the District recognized pension expense of \$295,706. As of June 30, 2019, 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, 2019

DRAFT

NOTE 6 – RETIREMENT FUND COMMITMENTS (CONT'D)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Deferred amounts to be recognized in pension expense in future periods:			
Differences between expected and actual experience	\$ 131,352	\$ 680	\$ 130,672
Changes of assumptions	235,761	128,831	106,930
Net difference between projected and actual earnings on pension plan investments	1,548,728	700,903	847,825
Total deferred amounts to be recognized in pension expense in future periods	1,915,841	830,414	1,085,427
Pension contributions made subsequent to the measurement date	145,281	-	145,281
Total Deferred Amounts Related to Pensions	\$ 2,061,122	\$ 830,414	\$ 1,230,708

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
2019	\$ 410,679
2020	222,995
2021	109,058
2022	342,695
2023	-
Thereafter	-
Total	\$ 1,085,427

C. Aggregate Pension Amounts

For the year ended June 30, 2019, aggregate pension amounts are as follows:

	TRS	IMRF	Total
Deferred Outflows of Resources	\$ 350,340	\$ 2,061,122	\$ 2,411,462
Net Pension Liability	948,773	2,485,565	3,434,338
Deferred Inflows of Resources	639,609	830,414	1,470,023
Pension Expense, Net of State Support	64,213	295,706	359,919

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, 2019. State of Illinois contributions were \$132,008, 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, 2019. For the year ended June 30, 2019, the employer paid \$97,941 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, 2019, 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, 2019

DRAFT

NOTE 12 – INTERFUND TRANSFERS

The following transfers were made during the year:

Fund or Account	From	To
For principal and interest payments:		
Educational Account	\$ 133,231	\$ -
Debt Service Fund		133,231
For capital projects:		
Educational Account	150,000	
Working Cash Account	3,000,000	
Operations and Maintenance Fund	3,130,000	3,000,000
Capital Projects Fund	-	3,280,000
Totals	<u>\$ 6,413,231</u>	<u>\$ 6,413,231</u>

NOTE 13 – SUBSEQUENT EVENTS

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

There have been no recognized or non-recognized subsequent events that have occurred between June 30, 2019, and the date of this audit report requiring disclosure in the financial statements.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.001217%	0.002185%	0.001693%	0.001810%	0.001669%
Employer's proportionate share of the net pension liability	\$ 948,773	\$ 1,669,293	\$ 1,336,513	\$ 1,185,733	\$ 1,015,995
State's proportionate share of the net pension liability associated with the employer	<u>64,994,909</u>	<u>76,602,878</u>	<u>71,977,890</u>	<u>59,604,668</u>	<u>58,601,328</u>
Total	<u>\$65,943,682</u>	<u>\$78,272,171</u>	<u>\$73,314,403</u>	<u>\$60,790,401</u>	<u>\$59,617,323</u>
Employer's covered-employee payroll	\$10,446,581	\$10,394,510	\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.08%	16.06%	13.47%	12.26%	10.41%
Plan fiduciary net position as a percentage of the total pension liability	40.00%	39.30%	36.40%	41.50%	43.00%

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

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

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

DRAFT

Fiscal year ending June, 30	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 63,768	\$ 63,768	\$ 76,086	\$ 60,695	\$ 59,565
Contributions in relation to the contractually- required contribution	<u>60,530</u>	<u>82,359</u>	<u>68,424</u>	<u>64,248</u>	<u>59,565</u>
Contribution deficiency (excess)	<u>\$ 3,238</u>	<u>\$ (18,591)</u>	<u>\$ 7,662</u>	<u>\$ (3,553)</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$10,645,787	\$10,446,581	\$10,394,510	\$ 9,919,360	\$ 9,669,897
Contributions as a percentage of covered- employee payroll	0.598998%	0.610420%	0.731983%	0.611884%	0.615984%

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

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

DRAFT

Calendar year ending December 31,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 281,601	\$ 297,039	\$ 289,202	\$ 270,163	\$ 275,175
Interest on the total pension liability	1,018,520	976,666	926,374	873,982	793,052
Difference between expected and actual experience of the total pension liability	(1,066)	460,552	111,719	172,898	53,084
Changes of assumption	369,609	(451,717)	(42,210)	26,865	552,003
Benefit payments, including refunds of employee contributions	(720,086)	(713,449)	(622,661)	(618,975)	(533,397)
Net change in total pension liability	948,578	569,091	662,424	724,933	1,139,917
Total pension liability - beginning	13,799,508	13,230,417	12,567,993	11,843,060	10,703,143
Total pension liability - ending (A)	\$ 14,748,086	\$ 13,799,508	\$ 13,230,417	\$ 12,567,993	\$ 11,843,060
Plan fiduciary net position					
Contributions - employer	\$ 308,750	\$ 301,215	\$ 287,072	\$ 263,556	\$ 255,822
Contributions - employees	129,923	120,700	116,815	107,525	104,087
Net investment income	(733,240)	2,017,832	752,442	54,490	636,088
Benefit payments, including refunds of employee contributions	(720,086)	(713,449)	(622,661)	(618,975)	(533,397)
Other	133,554	(114,527)	70,085	99,505	44,980
Net change in plan fiduciary net position	(881,099)	1,611,771	603,753	(93,899)	507,580
Plan fiduciary net position - beginning	13,143,620	11,531,849	10,928,096	11,021,995	10,514,415
Plan fiduciary net position - ending (B)	\$ 12,262,521	\$ 13,143,620	\$ 11,531,849	\$ 10,928,096	\$ 11,021,995
Net pension liability - ending (A) - (B)	\$ 2,485,565	\$ 655,888	\$ 1,698,568	\$ 1,639,897	\$ 821,065
Plan fiduciary net position as a percentage of total pension liability	83.15%	95.25%	87.16%	86.95%	93.07%
Covered valuation payroll	\$ 2,850,579	\$ 2,682,232	\$ 2,533,735	\$ 2,389,446	\$ 2,313,039
Net pension liability as a percentage of covered valuation payroll	87.20%	24.45%	67.04%	68.63%	35.50%

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

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

DRAFT

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
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 10.83% and covered valuation payroll of \$2,850,879.

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 2018 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>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-Disabled Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Notes There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2016, 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, 2019

DRAFT

	<u>Educational Account</u>	<u>Working Cash Account</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 5,595,136	\$ 160,511	\$ 5,755,647
<u>Total Assets</u>	<u>\$ 5,595,136</u>	<u>\$ 160,511</u>	<u>\$ 5,755,647</u>
LIABILITIES			
Payroll deductions payable	\$ 130,900	\$ -	\$ 130,900
<u>Total Liabilities</u>	<u>130,900</u>	<u>-</u>	<u>130,900</u>
FUND BALANCES			
Unassigned	5,464,236	160,511	5,624,747
<u>Total Fund Balances</u>	<u>5,464,236</u>	<u>160,511</u>	<u>5,624,747</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 5,595,136</u>	<u>\$ 160,511</u>	<u>\$ 5,755,647</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
REVENUES RECEIVED			
Local Sources:			
General tax levy	\$ 14,122,863	\$ 14,122,863	\$ 13,910,999
Personal property replacement taxes	72,500	72,500	74,352
Summer school tuition from pupils or parents	2,000	2,000	2,550
Earnings on investments	88,670	88,670	207,939
Food services	215,000	185,000	189,549
Pupil activities	69,406	69,406	62,680
Textbooks	284,735	300,725	250,458
Contributions and donations	20,000	15,000	-
Refund of prior years' expenditures	35,000	35,000	21,195
Other	455,210	471,200	502,720
	15,365,384	15,362,364	15,222,442
State Sources:			
Evidence based funding formula	1,753,620	1,753,620	1,753,620
Special education - private facility tuition	-	-	-
Special education - funding for children	-	-	-
Special education - personnel	-	-	-
Special education - orphanage	1,390	1,390	-
Special education - summer school	1,920	1,920	-
Bilingual education - downstate - TPI	-	-	-
State free lunch and breakfast	12,111	12,111	3,792
State on-behalf payments	-	-	6,236,101
Other	2,000	2,000	190
	1,771,041	1,771,041	7,993,703
Federal Sources:			
National school lunch program	200,000	200,000	187,365
School breakfast	18,032	18,032	30,951
School breakfast start-up expansion	5,000	5,000	-
Child and adult care food program	-	-	-
Commodities	-	-	38,949
Student success and enrichment	10,000	10,000	1,425
Title I - Low Income	217,104	251,578	187,211
Special education	378,747	468,747	349,682
Title III - English Language Acquisition	55,773	45,165	30,432
Title II - Teacher Quality	47,972	54,084	30,487
Medicaid administrative outreach	60,000	100,000	14,729
Medicaid matching fee-for-service	-	-	84,317
	992,628	1,152,606	955,548
Total Revenues Received	18,129,053	18,286,011	24,171,693

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		2018
Working Cash Account	Total General Fund	Total General Fund
\$ 142,496	\$ 14,053,495	\$ 13,933,498
-	74,352	68,653
-	2,550	2,400
14,037	221,976	110,883
-	189,549	177,998
-	62,680	36,057
-	250,458	78,972
-	-	1,600
-	21,195	88,505
-	502,720	358,059
<u>156,533</u>	<u>15,378,975</u>	<u>14,856,625</u>
-	1,753,620	1,712,590
-	-	10,471
-	-	100,183
-	-	197,289
-	-	40,681
-	-	2,380
-	-	129,057
-	3,792	2,624
-	6,236,101	7,662,158
-	190	3,252
<u>-</u>	<u>7,993,703</u>	<u>9,860,685</u>
-	187,365	191,703
-	30,951	22,541
-	-	-
-	-	15
-	38,949	34,620
-	1,425	-
-	187,211	192,082
-	349,682	519,147
-	30,432	42,057
-	30,487	15,877
-	14,729	-
-	84,317	61,477
<u>-</u>	<u>955,548</u>	<u>1,079,519</u>
<u>156,533</u>	<u>24,328,226</u>	<u>25,796,829</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Instruction:			
Regular Programs:			
Salaries	\$ 5,659,938	\$ 5,676,548	\$ 5,651,576
Employee benefits	1,027,522	1,027,522	1,029,953
Employee benefits-on-behalf	-	-	6,236,101
Purchased services	34,380	34,380	35,350
Supplies and materials	386,759	407,711	243,671
Capital outlay	2,334	10,388	232,368
Other objects	4,390	4,390	2,939
Total	7,115,323	7,160,939	13,431,958
Tuition Payments to Charter Schools:			
Purchased services	17,150	17,150	-
Total	17,150	17,150	-
Special Education Programs:			
Salaries	1,849,633	1,849,633	1,845,954
Employee benefits	475,421	475,421	526,516
Purchased services	39,125	39,125	31,990
Supplies and materials	44,700	44,700	33,731
Capital outlay	29,000	29,000	4,745
Other objects	1,250	1,250	425
Total	2,439,129	2,439,129	2,443,361
Special Education Programs Pre K:			
Salaries	179,482	179,482	157,181
Employee benefits	43,367	43,367	43,635
Purchased services	1,000	1,000	-
Supplies and materials	8,000	8,000	1,336
Capital outlay	10,000	10,000	-
Other objects	150	150	-
Total	241,999	241,999	202,152
Remedial and Supplemental Programs:			
Salaries	87,600	87,600	85,398
Employee benefits	650	650	274
Purchased services	-	-	-
Total	88,250	88,250	85,672

DRAFT

Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 5,651,576	\$ 5,825,570
-	1,029,953	1,077,968
-	6,236,101	7,662,158
-	35,350	35,260
-	243,671	240,025
-	232,368	46,692
-	2,939	3,188
-	13,431,958	14,890,861
-	-	-
-	-	-
-	1,845,954	1,812,825
-	526,516	539,040
-	31,990	27,540
-	33,731	15,630
-	4,745	10,703
-	425	360
-	2,443,361	2,406,098
-	157,181	168,410
-	43,635	41,507
-	-	-
-	1,336	9,306
-	-	-
-	-	-
-	202,152	219,223
-	85,398	81,619
-	274	491
-	-	26,363
-	85,672	108,473

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Instruction:			
CTE Programs:			
Salaries	\$ 96,652	\$ 96,652	\$ 96,652
Employee benefits	16,004	16,004	16,091
Purchased services	3,200	3,200	-
Supplies and materials	5,200	5,200	4,737
	<u>121,056</u>	<u>121,056</u>	<u>117,480</u>
Total			
Interscholastic Programs:			
Salaries	138,387	138,387	141,605
Purchased services	6,500	6,500	4,618
Supplies and materials	1,700	1,700	830
Other objects	3,500	3,500	1,660
	<u>150,087</u>	<u>150,087</u>	<u>148,713</u>
Total			
Summer School Programs:			
Salaries	34,806	36,306	79,590
Employee benefits	3,600	3,600	-
Purchased services	-	-	6,505
Supplies and materials	3,158	1,500	555
	<u>41,564</u>	<u>41,406</u>	<u>86,650</u>
Total			
Bilingual Programs:			
Salaries	590,828	601,656	587,004
Employee benefits	76,237	76,237	85,132
Purchased services	-	-	1,079
Supplies and materials	5,750	5,750	-
	<u>672,815</u>	<u>683,643</u>	<u>673,215</u>
Total			
Special Education private tuition	<u>142,960</u>	<u>142,960</u>	<u>275,380</u>
Total Instruction			
	<u>11,030,333</u>	<u>11,086,619</u>	<u>17,464,581</u>

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Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 96,652	\$ 93,159
-	16,091	17,833
-	-	-
-	4,737	7,425
-	117,480	118,417
-	141,605	135,677
-	4,618	6,667
-	830	900
-	1,660	2,010
-	148,713	145,254
-	79,590	76,279
-	-	-
-	6,505	2,700
-	555	1,086
-	86,650	80,065
-	587,004	542,144
-	85,132	88,057
-	1,079	1,823
-	-	8,667
-	673,215	640,691
-	275,380	-
-	17,464,581	18,609,082

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 GENERAL FUND
 COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Support Services:			
Attendance and Social Work Services:			
Salaries	\$ 304,781	\$ 304,781	\$ 303,091
Employee benefits	43,702	43,702	46,713
Purchased services	34,900	34,900	26,938
Supplies and materials	2,400	2,400	669
Other	200	200	-
	<u>385,983</u>	<u>385,983</u>	<u>377,411</u>
Health Services:			
Salaries	527,803	527,803	506,717
Employee benefits	112,189	112,189	129,404
Purchased services	17,625	17,625	34,887
Supplies and materials	19,900	19,900	14,383
Capital outlay	10,000	10,000	9,302
Other	880	880	65
	<u>688,397</u>	<u>688,397</u>	<u>694,758</u>
Psychological Services:			
Salaries	271,228	271,228	270,347
Benefits	39,592	39,592	39,960
Purchased services	2,350	2,350	48,419
Supplies and Materials	600	600	-
Other	585	585	585
	<u>314,355</u>	<u>314,355</u>	<u>359,311</u>
Speech Pathology and Audiology Services:			
Salaries	436,165	436,165	432,121
Employee benefits	50,596	50,596	59,638
Purchased services	3,120	3,120	2,059
Supplies and materials	16,500	16,500	2,672
Capital outlay	10,000	10,000	4,582
Other	1,725	1,725	100
	<u>518,106</u>	<u>518,106</u>	<u>501,172</u>
Other Support Services:			
Purchased services	45,000	45,000	41,251
	<u>45,000</u>	<u>45,000</u>	<u>41,251</u>

DRAFT

Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 303,091	\$ 296,589
-	46,713	46,182
-	26,938	15,846
-	669	1,425
-	-	-
-	377,411	360,042
-	506,717	409,970
-	129,404	114,555
-	34,887	48,644
-	14,383	5,585
-	9,302	2,096
-	65	100
-	694,758	580,950
-	270,347	242,398
-	39,960	40,201
-	48,419	1,047
-	-	330
-	585	375
-	359,311	284,351
-	432,121	408,022
-	59,638	52,301
-	2,059	1,694
-	2,672	12,550
-	4,582	-
-	100	200
-	501,172	474,767
-	41,251	51,596
-	41,251	51,596

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, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Support Services:			
Improvement of Instruction Services:			
Salaries	\$ 421,578	\$ 421,578	\$ 407,874
Employee benefits	74,470	80,582	62,161
Purchased services	48,996	48,996	25,450
Supplies and materials	2,150	2,150	2,136
Other	4,000	4,000	1,364
Total	551,194	557,306	498,985
Educational Media Services:			
Salaries	797,698	797,698	794,012
Employee benefits	149,842	149,842	177,276
Purchased services	84,000	84,000	62,147
Supplies and materials	222,950	247,950	188,773
Capital outlay	140,000	140,000	131,150
Other	1,500	1,500	455
Total	1,395,990	1,420,990	1,353,813
Assessment and Testing Services:			
Salaries	-	-	-
Purchased services	30,000	30,000	29,888
Total	30,000	30,000	29,888
Board of Education Services:			
Purchased services	39,000	39,000	27,390
Supplies and materials	4,500	4,500	3,202
Other objects	8,000	8,000	5,667
Total	51,500	51,500	36,259
Executive Administration Services:			
Salaries	252,854	252,854	262,567
Employee benefits	72,785	72,785	71,381
Purchased services	8,500	8,500	5,808
Supplies and materials	12,000	12,000	3,620
Other objects	4,000	4,000	2,680
Total	350,139	350,139	346,056

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Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 407,874	\$ 154,892
-	62,161	39,593
-	25,450	11,773
-	2,136	703
-	1,364	1,334
-	498,985	208,295
-	794,012	787,330
-	177,276	151,735
-	62,147	80,364
-	188,773	176,187
-	131,150	108,074
-	455	635
-	1,353,813	1,304,325
-	-	13,610
-	29,888	28,464
-	29,888	42,074
-	27,390	28,093
-	3,202	20,233
-	5,667	7,717
-	36,259	56,043
-	262,567	307,327
-	71,381	72,373
-	5,808	8,331
-	3,620	5,660
-	2,680	3,246
-	346,056	396,937

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, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Support Services:			
Tort Services:			
Purchased services	\$ 65,000	\$ 65,000	\$ 62,518
Total	65,000	65,000	62,518
Office of the Principal Services:			
Salaries	865,606	865,606	854,625
Employee benefits	224,647	224,647	230,554
Purchased services	5,560	5,560	4,466
Supplies and materials	40,726	40,726	26,320
Other	3,150	3,150	816
Total	1,139,689	1,139,689	1,116,781
Direction of Business Services:			
Salaries	140,425	140,425	140,425
Employee benefits	18,324	18,324	18,324
Purchased services	5,700	5,700	3,929
Other	2,000	2,000	1,060
Total	166,449	166,449	163,738
Fiscal Services:			
Salaries	112,099	112,099	108,157
Employee benefits	45,545	45,545	41,857
Purchased services	35,816	35,816	43,983
Supplies and materials	2,500	2,500	1,992
Capital outlay	-	-	-
Total	195,960	195,960	195,989
Food Services:			
Salaries	80,000	80,000	78,754
Employee benefits	-	-	2
Purchased services	391,065	391,065	376,080
Supplies and materials	3,900	3,900	40,619
Capital outlay	5,000	5,000	11,987
Total	479,965	479,965	507,442

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Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 62,518	\$ 22,344
-	62,518	22,344
-	854,625	855,377
-	230,554	247,170
-	4,466	2,674
-	26,320	16,645
-	816	1,142
-	1,116,781	1,123,008
-	140,425	128,242
-	18,324	16,610
-	3,929	3,557
-	1,060	559
-	163,738	148,968
-	108,157	105,273
-	41,857	44,504
-	43,983	22,247
-	1,992	1,781
-	-	1,249
-	195,989	175,054
-	78,754	76,652
-	2	-
-	376,080	382,941
-	40,619	37,801
-	11,987	5,055
-	507,442	502,449

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Support Services:			
Internal Services:			
Purchased services	\$ 30,750	\$ 30,750	\$ 45,978
Supplies and materials	5,000	5,000	-
Total	35,750	35,750	45,978
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	109,950	109,950	123,711
Supplies and materials	2,000	2,000	1,217
Total	111,950	111,950	124,928
Staff Services:			
Salaries	87,680	87,680	81,786
Employee benefits	26,307	26,307	26,341
Purchased services	22,995	22,995	16,220
Supplies and materials	15,600	15,600	13,232
Other	750	750	-
Total	153,332	153,332	137,579
Data Processing Services:			
Purchased services	31,536	31,536	25,479
Supplies and materials	-	-	299
Total	31,536	31,536	25,778
Other Support Services - Pupils:			
Salaries	1,500	1,500	763
Purchased services	2,250	2,250	8,797
Supplies and materials	350	350	-
Total	4,100	4,100	9,560
Total Support Services	6,739,395	6,770,507	6,654,195

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Working Cash Account	Total General Fund	2018 Total General Fund
\$ -	\$ 45,978	\$ 31,968
-	-	-
-	45,978	31,968
-	25,000	44,612
-	25,000	44,612
-	123,711	98,881
-	1,217	1,276
-	124,928	100,157
-	81,786	64,846
-	26,341	48,318
-	16,220	30,849
-	13,232	13,664
-	-	703
-	137,579	158,380
-	25,479	26,117
-	299	4,223
-	25,778	30,340
-	763	450
-	8,797	6,126
-	-	275
-	9,560	6,851
-	6,654,195	6,103,511

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		
	Original Budget	Final Budget	Educational Account
EXPENDITURES DISBURSED			
Community Services:			
Salaries	\$ 166,290	\$ 164,590	\$ 151,418
Employee benefits	9,120	9,120	9,142
Purchased services	46,185	49,685	40,518
Supplies and materials	12,000	12,000	3,932
Total Community Services	233,595	235,395	205,010
Payments to Other Gov't Units:			
Purchased services	215,000	215,000	136,832
Tuition	167,007	167,007	261,479
Total Payments to Other Gov't Units	382,007	382,007	398,311
Total Expenditures Disbursed	18,385,330	18,474,528	24,722,097
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(256,277)	(188,517)	(550,404)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(283,231)
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Sale of capital assets	-	-	16,974
Capital lease	-	-	224,360
Total Other Financing Sources (Uses)	-	-	(41,897)
NET CHANGE IN FUND BALANCE	\$ (256,277)	\$ (188,517)	(592,301)
FUND BALANCE, BEGINNING OF YEAR			6,056,537
FUND BALANCE, END OF YEAR			\$ 5,464,236

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		2018
Working Cash Account	Total General Fund	Total General Fund
\$ -	\$ 151,418	\$ 135,077
-	9,142	13,734
-	40,518	39,253
-	3,932	5,490
-	205,010	193,554
-	136,832	220,467
-	261,479	331,973
-	398,311	552,440
-	24,722,097	25,458,587
156,533	(393,871)	338,242
(3,000,000)	(3,283,231)	(291,031)
2,775,000	2,775,000	-
225,000	225,000	-
-	16,974	-
-	224,360	19,498
-	(41,897)	(271,533)
156,533	(435,768)	66,709
3,978	6,060,515	5,993,806
<u>\$ 160,511</u>	<u>\$ 5,624,747</u>	<u>\$ 6,060,515</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019			2018
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levy	\$ 14,122,863	\$ 14,122,863	\$ 13,910,999	\$ 13,933,498
Personal property replacement taxes	72,500	72,500	74,352	68,653
Summer school tuition from pupils or parents	2,000	2,000	2,550	2,400
Earnings on investments	88,670	88,670	207,939	110,838
Food services	215,000	185,000	189,549	177,998
Fees	69,406	69,406	62,680	36,057
Textbooks	284,735	300,725	250,458	78,972
Contributions and donations	20,000	15,000	-	1,600
Refund of prior years' expenditures	35,000	35,000	21,195	88,505
Other	455,210	471,200	502,720	358,059
Total Local Sources	15,365,384	15,362,364	15,222,442	14,856,580
State Sources:				
Evidence based funding formula	1,753,620	1,753,620	1,753,620	1,712,590
Special education - private facility tuition	-	-	-	10,471
Special education - funding for children	-	-	-	100,183
Special education - personnel	-	-	-	197,289
Special education - orphanage	1,390	1,390	-	40,681
Special education - summer school	1,920	1,920	-	2,380
Bilingual education - downstate - TPI	-	-	-	129,057
State free lunch and breakfast	12,111	12,111	3,792	2,624
State on-behalf payments	-	-	6,236,101	7,662,158
Other	2,000	2,000	190	3,252
Total State Sources	1,771,041	1,771,041	7,993,703	9,860,685
Federal Sources:				
National school lunch program	200,000	200,000	187,365	191,703
School breakfast	18,032	18,032	30,951	22,541
School breakfast start-up expansion	5,000	5,000	-	-
Child and adult care food program	-	-	-	15
Commodities	-	-	38,949	34,620
Student success and enrichment	10,000	10,000	1,425	-
Title I - Low Income	217,104	251,578	187,211	192,082
Special education I.D.E.A. Pre School	21,331	21,331	15,410	29,028
Special education I.D.E.A. Flow Through	357,416	357,416	236,545	490,119
Special education I.D.E.A. Room and Board	-	90,000	97,727	-
Title III - English Language Acquisition	55,773	45,165	30,432	42,057
Title II - Teacher Quality	47,972	54,084	30,487	15,877
Medicaid administrative outreach	60,000	100,000	14,729	-
Medicaid matching fee-for-service	-	-	84,317	61,477
Total Federal Sources	992,628	1,152,606	955,548	1,079,519
Total Revenues Received	18,129,053	18,286,011	24,171,693	25,796,784

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Instruction:				
Regular Programs:				
Salaries	\$ 5,659,938	\$ 5,676,548	\$ 5,651,576	\$ 5,825,570
Employee benefits	1,027,522	1,027,522	1,029,953	1,077,968
Employee benefits-on-behalf	-	-	6,236,101	7,662,158
Purchased services	34,380	34,380	35,350	35,260
Supplies and materials	386,759	407,711	243,671	240,025
Capital outlay	2,334	10,388	232,368	46,692
Other	4,390	4,390	2,939	3,188
Total	7,115,323	7,160,939	13,431,958	14,890,861
Tuition Payments to Charter Schools:				
Purchased services	17,150	17,150	-	-
Total	17,150	17,150	-	-
Special Education Programs:				
Salaries	1,849,633	1,849,633	1,845,954	1,812,825
Employee benefits	475,421	475,421	526,516	539,040
Purchased services	39,125	39,125	31,990	27,540
Supplies and materials	44,700	44,700	33,731	15,630
Capital outlay	29,000	29,000	4,745	10,703
Other	1,250	1,250	425	360
Total	2,439,129	2,439,129	2,443,361	2,406,098
Special Education Programs Pre K:				
Salaries	179,482	179,482	157,181	168,410
Employee benefits	43,367	43,367	43,635	41,507
Purchased services	1,000	1,000	-	-
Supplies and materials	8,000	8,000	1,336	9,306
Capital outlay	10,000	10,000	-	-
Other	150	150	-	-
Total	241,999	241,999	202,152	219,223
Remedial and Supplemental Programs:				
Salaries	87,600	87,600	85,398	81,619
Employee benefits	650	650	274	491
Purchased services	-	-	-	26,363
Total	88,250	88,250	85,672	108,473

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
CTE Programs:				
Salaries	\$ 96,652	\$ 96,652	\$ 96,652	\$ 93,159
Employee benefits	16,004	16,004	16,091	17,833
Purchased services	3,200	3,200	-	-
Supplies and materials	5,200	5,200	4,737	7,425
Total	121,056	121,056	117,480	118,417
Interscholastic Programs:				
Salaries	138,387	138,387	141,605	135,677
Purchased services	6,500	6,500	4,618	6,667
Supplies and materials	1,700	1,700	830	900
Other	3,500	3,500	1,660	2,010
Total	150,087	150,087	148,713	145,254
Summer School Programs:				
Salaries	34,806	36,306	79,590	76,279
Employee benefits	3,600	3,600	-	-
Purchased services	-	-	6,505	2,700
Supplies and materials	3,158	1,500	555	1,086
Total	41,564	41,406	86,650	80,065
Bilingual Programs:				
Salaries	590,828	601,656	587,004	542,144
Employee benefits	76,237	76,237	85,132	88,057
Purchased services	-	-	1,079	1,823
Supplies and materials	5,750	5,750	-	8,667
Total	672,815	683,643	673,215	640,691
Special Education private tuition	142,960	142,960	275,380	-
Total Instruction	11,030,333	11,086,619	17,464,581	18,609,082
Support Services:				
Attendance and Social Work Services:				
Salaries	304,781	304,781	303,091	296,589
Employee benefits	43,702	43,702	46,713	46,182
Purchased services	34,900	34,900	26,938	15,846
Supplies and materials	2,400	2,400	669	1,425
Other	200	200	-	-
Total	385,983	385,983	377,411	360,042

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Support Services:				
Health Services:				
Salaries	\$ 527,803	\$ 527,803	\$ 506,717	\$ 409,970
Employee benefits	112,189	112,189	129,404	114,555
Purchased services	17,625	17,625	34,887	48,644
Supplies and materials	19,900	19,900	14,383	5,585
Capital outlay	10,000	10,000	9,302	2,096
Other	880	880	65	100
Total	688,397	688,397	694,758	580,950
Psychological Services:				
Salaries	271,228	271,228	270,347	242,398
Benefits	39,592	39,592	39,960	40,201
Purchased services	2,350	2,350	48,419	1,047
Supplies and Materials	600	600	-	330
Other	585	585	585	375
Total	314,355	314,355	359,311	284,351
Speech Pathology and Audiology Services:				
Salaries	436,165	436,165	432,121	408,022
Employee benefits	50,596	50,596	59,638	52,301
Purchased services	3,120	3,120	2,059	1,694
Supplies and materials	16,500	16,500	2,672	12,550
Capital outlay	10,000	10,000	4,582	-
Other	1,725	1,725	100	200
Total	518,106	518,106	501,172	474,767
Other Support Services:				
Purchased services	45,000	45,000	41,251	51,596
Total	45,000	45,000	41,251	51,596
Improvement of Instruction Services:				
Salaries	421,578	421,578	407,874	154,892
Employee benefits	74,470	80,582	62,161	39,593
Purchased services	48,996	48,996	25,450	11,773
Supplies and materials	2,150	2,150	2,136	703
Other	4,000	4,000	1,364	1,334
Total	551,194	557,306	498,985	208,295

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Support Services:				
Educational Media Services:				
Salaries	\$ 797,698	\$ 797,698	\$ 794,012	\$ 787,330
Employee benefits	149,842	149,842	177,276	151,735
Purchased services	84,000	84,000	62,147	80,364
Supplies and materials	222,950	247,950	188,773	176,187
Capital outlay	140,000	140,000	131,150	108,074
Other	1,500	1,500	455	635
Total	1,395,990	1,420,990	1,353,813	1,304,325
Assessment and Testing Services:				
Salaries	-	-	-	13,610
Supplies and materials	30,000	30,000	29,888	28,464
Total	30,000	30,000	29,888	42,074
Board of Education Services:				
Purchased services	39,000	39,000	27,390	28,093
Supplies and materials	4,500	4,500	3,202	20,233
Other	8,000	8,000	5,667	7,717
Total	51,500	51,500	36,259	56,043
Executive Administration Services:				
Salaries	252,854	252,854	262,567	307,327
Employee benefits	72,785	72,785	71,381	72,373
Purchased services	8,500	8,500	5,808	8,331
Supplies and materials	12,000	12,000	3,620	5,660
Other	4,000	4,000	2,680	3,246
Total	350,139	350,139	346,056	396,937
Tort Services:				
Purchased services	65,000	65,000	62,518	22,344
Total	65,000	65,000	62,518	22,344

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Support Services:				
Office of the Principal Services:				
Salaries	\$ 865,606	\$ 865,606	\$ 854,625	\$ 855,377
Employee benefits	224,647	224,647	230,554	247,170
Purchased services	5,560	5,560	4,466	2,674
Supplies and materials	40,726	40,726	26,320	16,645
Other	3,150	3,150	816	1,142
Total	1,139,689	1,139,689	1,116,781	1,123,008
Direction of Business Services:				
Salaries	140,425	140,425	140,425	128,242
Employee benefits	18,324	18,324	18,324	16,610
Purchased services	5,700	5,700	3,929	3,557
Other	2,000	2,000	1,060	559
Total	166,449	166,449	163,738	148,968
Fiscal Services:				
Salaries	112,099	112,099	108,157	105,273
Employee benefits	45,545	45,545	41,857	44,504
Purchased services	35,816	35,816	43,983	22,247
Supplies and materials	2,500	2,500	1,992	1,781
Capital outlay	-	-	-	1,249
Total	195,960	195,960	195,989	175,054
Food Services:				
Salaries	80,000	80,000	78,754	76,652
Employee benefits	-	-	2	-
Purchased services	391,065	391,065	376,080	382,941
Supplies and materials	3,900	3,900	40,619	37,801
Capital outlay	5,000	5,000	11,987	5,055
Total	479,965	479,965	507,442	502,449
Internal Services:				
Purchased services	30,750	30,750	45,978	31,968
Supplies and materials	5,000	5,000	-	-
Total	35,750	35,750	45,978	31,968

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Support Services:				
Planning, Research, Development and Evaluation Services:				
Purchased services	\$ 25,000	\$ 25,000	\$ 25,000	\$ 44,612
Total	25,000	25,000	25,000	44,612
Information Services:				
Purchased services	109,950	109,950	123,711	98,881
Supplies and materials	2,000	2,000	1,217	1,276
Total	111,950	111,950	124,928	100,157
Staff Services:				
Salaries	87,680	87,680	81,786	64,846
Employee benefits	26,307	26,307	26,341	48,318
Purchased services	22,995	22,995	16,220	30,849
Supplies and materials	15,600	15,600	13,232	13,664
Other	750	750	-	703
Total	153,332	153,332	137,579	158,380
Data Processing:				
Purchased services	31,536	31,536	25,479	26,117
Supplies and materials	-	-	299	4,223
Total	31,536	31,536	25,778	30,340
Other Support Services:				
Salaries	1,500	1,500	763	450
Purchased services	2,250	2,250	8,797	6,126
Supplies and materials	350	350	-	275
Total	4,100	4,100	9,560	6,851
Total Support Services	6,739,395	6,770,507	6,654,195	6,103,511
Community Services:				
Salaries	166,290	164,590	151,418	135,077
Employee benefits	9,120	9,120	9,142	13,734
Purchased services	46,185	49,685	40,518	39,253
Supplies and materials	12,000	12,000	3,932	5,490
Total Community Services	233,595	235,395	205,010	193,554

(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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
EXPENDITURES DISBURSED				
Payments to Other Gov't Units:				
Purchased services	\$ 215,000	\$ 215,000	\$ 136,832	\$ 220,467
Tuition	167,007	167,007	261,479	331,973
Total Payments to Other Gov't Units	382,007	382,007	398,311	552,440
Total Expenditures Disbursed	18,385,330	18,474,528	24,722,097	25,458,587
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(256,277)	(188,517)	(550,404)	338,197
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(283,231)	(291,031)
Sale of capital assets	-	-	16,974	-
Capital lease	-	-	224,360	19,498
Total Other Financing Sources (Uses)	-	-	(41,897)	(271,533)
NET CHANGE IN FUND BALANCE	\$ (256,277)	\$ (188,517)	(592,301)	66,664
FUND BALANCE, BEGINNING OF YEAR			6,056,537	5,989,873
FUND BALANCE, END OF YEAR			\$ 5,464,236	\$ 6,056,537

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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, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levies	\$ -	\$ -	\$ 142,496	\$ -
Earnings on investments	45	45	14,037	45
Total Local Sources	<u>45</u>	<u>45</u>	<u>156,533</u>	<u>45</u>
Total Revenues Received	<u>45</u>	<u>45</u>	<u>156,533</u>	<u>45</u>
EXPENDITURES DISBURSED				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>45</u>	<u>45</u>	<u>156,533</u>	<u>45</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	3,000,000	2,775,000	-
Premium on bonds issued	-	3,253	225,000	-
Transfers out	-	-	(3,000,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,003,253</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 45</u>	<u>\$ 3,003,298</u>	156,533	45
FUND BALANCE, BEGINNING OF YEAR			<u>3,978</u>	<u>3,933</u>
FUND BALANCE, END OF YEAR			<u>\$ 160,511</u>	<u>\$ 3,978</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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

DRAFT

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levies	\$ 1,623,189	\$ 1,623,189	\$ 1,584,286	\$ 1,558,141
Earnings on investments	(5,000)	(5,000)	19,245	9,243
Rentals	80,000	80,000	120,606	111,872
Contributions and donations	3,500	3,500	-	3,525
Impact fees	4,500	4,500	2,381	15,776
Payments of surplus monies from TIF district	3,500	3,500	-	-
Payments from other districts	25,000	25,000	-	-
Refund of prior years' expenditures	-	-	-	87
Other	-	-	56	1,741
Total Local Sources	1,734,689	1,734,689	1,726,574	1,700,385
Total Revenues Received	1,734,689	1,734,689	1,726,574	1,700,385
EXPENDITURES DISBURSED				
Support Services:				
Operations and Maintenance of Plant Services:				
Salaries	768,379	768,379	740,232	704,946
Benefits	133,632	133,632	142,147	136,417
Purchased services	332,280	332,280	311,412	293,407
Supplies and materials	230,340	230,340	234,267	206,756
Capital outlay	201,950	201,950	143,586	80,957
Other objects	670	670	519	280
Non-capitalized equipment	-	-	4,224	-
Total Support Services	1,667,251	1,667,251	1,576,387	1,422,763
Total Expenditures Disbursed	1,667,251	1,667,251	1,576,387	1,422,763
EXCESS OF REVENUES OVER EXPENDITURES	67,438	67,438	150,187	277,622
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,000,000	-
Transfers out	-	-	(3,130,000)	(65,000)
Total Other Financing Sources (Uses)	-	-	(130,000)	(65,000)
NET CHANGE IN FUND BALANCE	\$ 67,438	\$ 67,438	20,187	212,622
FUND BALANCE, BEGINNING OF YEAR			881,072	668,450
FUND BALANCE, END OF YEAR			\$ 901,259	\$ 881,072

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, 2019

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

DRAFT

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levies	\$ 1,216,248	\$ 1,216,248	\$ 1,205,687	\$ 1,187,985
Earnings on investments	(2,500)	(2,500)	8,797	3,872
Total Local Sources	1,213,748	1,213,748	1,214,484	1,191,857
Total Revenues Received	1,213,748	1,213,748	1,214,484	1,191,857
EXPENDITURES DISBURSED				
Debt Service:				
Principal	1,046,111	1,046,111	1,013,717	972,437
Interest	269,413	269,413	320,329	326,006
Other	-	-	79,724	950
Total Debt Service	1,315,524	1,315,524	1,413,770	1,299,393
Total Expenditures Disbursed	1,315,524	1,315,524	1,413,770	1,299,393
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(101,776)	(101,776)	(199,286)	(107,536)
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	-	-	133,231	141,031
Total Other Financing Sources (Uses)	-	-	215,529	141,031
NET CHANGE IN FUND BALANCE	\$ (101,776)	\$ (101,776)	16,243	33,495
FUND BALANCE, BEGINNING OF YEAR			489,030	455,535
FUND BALANCE, END OF YEAR			\$ 505,273	\$ 489,030

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TRANSPORTATION FUND

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SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levy	\$ 1,294,211	\$ 1,294,211	\$ 1,244,360	\$ 1,120,551
Earnings on investments	3,000	3,000	24,839	9,770
Other	(8,760)	(8,760)	14,138	18,000
Total Local Sources	<u>1,288,451</u>	<u>1,288,451</u>	<u>1,283,337</u>	<u>1,148,321</u>
State Sources:				
Transportation aid - regular	518,804	518,804	368,653	276,966
Transportation aid - special education	156,755	156,755	147,213	225,217
Total State Sources	<u>675,559</u>	<u>675,559</u>	<u>515,866</u>	<u>502,183</u>
Total Revenues Received	<u>1,964,010</u>	<u>1,964,010</u>	<u>1,799,203</u>	<u>1,650,504</u>
EXPENDITURES DISBURSED				
Support Services:				
Pupil Transportation:				
Salaries	24,000	24,000	25,011	22,852
Purchased services	1,329,722	1,329,722	1,350,227	1,275,462
Supplies and materials	82,500	82,500	76,475	71,616
Other Support Services:				
Purchased services	15,000	15,000	(4,063)	-
Total Support Services	<u>1,451,222</u>	<u>1,451,222</u>	<u>1,447,650</u>	<u>1,369,930</u>
Payments to Other Gov't Units:				
Purchased services	145,000	145,000	130,002	66,645
Total Expenditures Disbursed	<u>1,596,222</u>	<u>1,596,222</u>	<u>1,577,652</u>	<u>1,436,575</u>
NET CHANGE IN FUND BALANCE	<u>\$ 367,788</u>	<u>\$ 367,788</u>	221,551	213,929
FUND BALANCE, BEGINNING OF YEAR			<u>851,353</u>	<u>637,424</u>
FUND BALANCE, END OF YEAR			<u>\$ 1,072,904</u>	<u>\$ 851,353</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

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	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levy	\$ 360,142	\$ 360,142	\$ 364,534	\$ 293,747
FICA/Medicare levy	360,142	360,142	364,535	293,747
Personal property replacement taxes	2,500	2,500	1,000	1,000
Earnings on investments	-	-	3,517	2,660
Total Local Sources	722,784	722,784	733,586	591,154
Total Revenues Received	722,784	722,784	733,586	591,154
EXPENDITURES DISBURSED				
Instruction - Employee benefits	224,823	224,823	264,818	274,720
Support Services - Employee benefits	357,261	357,261	394,695	381,018
Community Services - Employee benefits	7,626	7,626	17,573	14,833
Total Expenditures Disbursed	589,710	589,710	677,086	670,571
NET CHANGE IN FUND BALANCE	\$ 133,074	\$ 133,074	56,500	(79,417)
FUND BALANCE, BEGINNING OF YEAR			32,131	111,548
FUND BALANCE, END OF YEAR			\$ 88,631	\$ 32,131

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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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
Earnings on investments	\$ 1,000	\$ 1,000	\$ 19,133	\$ 216
Total Local Sources	1,000	1,000	19,133	216
Total Revenues Received	1,000	1,000	19,133	216
EXPENDITURES DISBURSED				
Support Services:				
Facilities and Acquisition Services:				
Purchase Services	-	116,128	6,100	-
Capital Outlay	-	40,000	125,464	-
Total Support Services	-	156,128	131,564	-
Total Expenditures Disbursed	-	156,128	131,564	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,000	(155,128)	(112,431)	216
OTHER FINANCING SOURCES				
Premium on refunding bonds issued	-	3,253	-	-
Transfers in	-	-	3,280,000	215,000
Total Other Financing Sources	-	3,253	3,280,000	215,000
NET CHANGE IN FUND BALANCE	<u>\$ 1,000</u>	<u>\$ (151,875)</u>	3,167,569	215,216
FUND BALANCE, BEGINNING OF YEAR			220,945	5,729
FUND BALANCE, END OF YEAR			<u>3,388,514</u>	<u>\$ 220,945</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23

TORT FUND

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

FOR THE YEAR ENDED JUNE 30, 2019

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

DRAFT

	2019		2018	
	Original Budget	Final Budget	Actual	Actual
REVENUES RECEIVED				
Local Sources:				
General tax levies	\$ 210,758	\$ 210,758	\$ 212,352	\$ 204,635
Earnings on investments	45	45	1,362	255
Refund of prior years' expenditures	-	-	-	3,241
Total Local Sources	<u>210,803</u>	<u>210,803</u>	<u>213,714</u>	<u>208,131</u>
Total Revenues Received	<u>210,803</u>	<u>210,803</u>	<u>213,714</u>	<u>208,131</u>
EXPENDITURES DISBURSED				
Support Services:				
General Administration:				
Worker's compensation				
Purchased services	99,018	99,018	99,018	99,441
Unemployment insurance				
Purchased services	3,500	3,500	340	490
General insurance:				
Purchased services	<u>61,425</u>	<u>61,425</u>	<u>58,288</u>	<u>57,771</u>
Total Support Services	<u>163,943</u>	<u>163,943</u>	<u>157,646</u>	<u>157,702</u>
Total Expenditures Disbursed	<u>163,943</u>	<u>163,943</u>	<u>157,646</u>	<u>157,702</u>
NET CHANGE IN FUND BALANCE	<u>\$ 46,860</u>	<u>\$ 46,860</u>	56,068	50,429
FUND BALANCE, BEGINNING OF YEAR			<u>80,065</u>	<u>29,636</u>
FUND BALANCE, END OF YEAR			<u>\$ 136,133</u>	<u>\$ 80,065</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
ACTIVITY FUNDS
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
FOR THE YEAR ENDED JUNE 30, 2019

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	Cash Balance July 1, 2018	Revenues Received	Expenditures Disbursed	Cash Balance June 30, 2019
ASSETS				
Cash and investments in custody of School District	\$ 74,541	\$ 117,136	\$ 148,520	\$ 43,157
LIABILITIES				
Amount Due To Activity:				
MacArthur				
Library fines	\$ 677	\$ -	\$ -	\$ 677
Student senate	3,585	4,132	4,227	3,490
Industrial arts	1,386	400	658	1,128
Drama	5,555	2,317	2,184	5,688
Life skills	-	341	360	(19)
Pom-Pom	74	1,222	1,299	(3)
Eighth grade	381	15,800	17,992	(1,811)
Field trips	510	12,013	13,175	(652)
J. Szymanski	1,667	-	1,667	-
Student incentives	1,841	-	474	1,367
Home economics	484	807	457	834
Basketball	891	1,357	1,344	904
Track	2,435	852	882	2,405
Wrestling fund	2,409	1,244	921	2,732
Volleyball	1,098	-	-	1,098
Art	301	-	-	301
Charitable fund	1,068	156	78	1,146
Student spirit purchases	(309)	-	-	(309)
Eisenhower				
Field trips	(33)	6,925	5,559	1,333
Charitable fund	76	-	-	76
Student spirit purchases	-	1,040	1,034	6
Book fair and library books	(1,506)	7,766	5,890	370
Needy family	899	-	-	899
Sullivan				
Field trips	2,019	8,175	9,259	935
Camp scholarship	-	3,449	1,778	1,671
STEAM	307	-	-	307
Lego Robots	104	1,225	924	405
Drama	2,334	2,906	2,521	2,719
Charitable	-	5,166	5,166	-
Library	3,314	7,683	7,463	3,534
Needy family	617	20	150	487

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF REVENUES RECEIVED AND EXPENDITURES DISBURSED
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance <u>July 1, 2018</u>	Revenues Received	Expenditures Disbursed	Cash Balance <u>June 30, 2019</u>
LIABILITIES				
Amount due to Activity: (Cont'd)				
Ross				
Field trips	\$ 1,005	\$ 4,080	\$ 4,802	\$ 283
Library book	1,670	8,702	7,854	2,518
Needy family	3,057	10	515	2,552
Charitable	136	5,972	5,972	136
STEAM	932	500	466	966
Student spirit purchases	10	1,575	1,580	5
Due to District	33,994	10,284	41,869	2,409
Interest earned account	1,553	1,017	-	2,570
	<u>1,553</u>	<u>1,017</u>	<u>-</u>	<u>2,570</u>
Total Amount Due To Activity	<u>\$ 74,541</u>	<u>\$ 117,136</u>	<u>\$ 148,520</u>	<u>\$ 43,157</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
 JUNE 30, 2019

SCHEDULE 12

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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
12/15/19		\$ 835,000	\$ 80,000	
06/15/20	6/30/2020	-	63,300	\$ 978,300
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		<u>\$ 4,000,000</u>	<u>\$ 370,600</u>	<u>\$ 4,370,600</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
 JUNE 30, 2019

SCHEDULE 13

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
12/15/19		\$ -	\$ 30,200	
6/15/20	6/30/2020	-	30,200	\$ 60,400
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		<u><u>\$ 1,450,000</u></u>	<u><u>\$ 312,600</u></u>	<u><u>\$ 1,762,600</u></u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
JUNE 30, 2019

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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	
12/15/19		\$ -	\$ 55,500	
6/15/20	6/30/2020	-	55,500	\$ 111,000
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	\$ 1,047,500	\$ 3,822,500

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF BONDED DEBT MATURITIES AND INTEREST
 JUNE 30, 2019

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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	
12/15/19		\$ -	\$ 23,005	
6/15/20	6/30/2020	-	23,005	\$ 46,010
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		\$ 1,315,000	\$ 317,221	\$ 1,632,221

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 SCHEDULE OF PER CAPITA TUITION CHARGE
 AND AVERAGE DAILY ATTENDANCE
 JUNE 30, 2019

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	Year Ended June 30,		
	2019	2018	2017
Allowable Expenses	<u>\$ 18,793,849</u>	<u>\$ 18,510,376</u>	<u>\$ 18,629,337</u>
Average Daily Attendance	<u>1,406.70</u>	<u>1,425.47</u>	<u>1,438.51</u>
Per Capita Tuition Charge	<u>\$ 13,360</u>	<u>\$ 12,985</u>	<u>\$ 12,950</u>

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

Changes of Assumptions

For the 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.

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

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budget for all Governmental Funds types is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, paragraph 5/17-1 of the *Illinois Compiled Statutes*. The budget was passed on September 20, 2018, and amended on June 12, 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.
4. The Board of Education is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures disbursed of any fund must be approved by the Board of Education after a public hearing.
5. Formal budgetary integration is employed as a management control device during the year.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 3 – EXCESS OF EXPENDITURES OVER BUDGET

The District over-expended its budget in the Educational Account; actual expenditures of \$24,722,097 exceeded budgeted expenditures of \$18,474,528 by a difference of \$6,247,569. The District recognized, but did not budget for, revenue of \$6,236,101 in on-behalf payments to offset expenditures of \$6,236,101. After eliminating on-behalf revenue and expenditures, the Educational Account expenditures were over budgeted by \$11,468.

The District also over-expended its budgets in the following funds: The Debt Service Fund's actual expenditures of \$1,413,770 exceeded budgeted expenditures of \$1,315,524 by a difference of \$98,246; the Municipal Retirement/Social Security Fund's actual expenditures of \$677,086 exceeded budgeted expenditures of \$589,710 by a difference of \$87,376. The over expenditures in these funds were covered by the District's current year operating surplus and existing fund balances.