

Finance Committee Meeting

Monday, November 1, 2021 6:00 PM

Grodsky Administration Building, 700 N Schoenbeck Rd, Prospect Heights, IL
60070

I. Call to Order

II. Discussion Items

A. Discussion of FY2021 Audit

B. Transportation Contract - Proposal for
Extension

C. Hot Spot Agreement

D. Discussion of Tentative Levy for Tax Year 2021
and Need for Supplemental Levy for Debt Service

E. Discussion of HVAC Mediation - Settlement
Update

F. Financial Reporting to the Committee

III. Old Business

IV. New Business

V. Adjournment

**PROSPECT HEIGHTS SCHOOL
DISTRICT 23**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

JUNE 30, 2021

AND

INDEPENDENT AUDITORS' REPORT

PROSPECT HEIGHTS SCHOOL DISTRICT 23

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PROSPECT HEIGHTS SCHOOL DISTRICT 23

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Independent Auditors' Report

To the Board of Education of
Prospect Heights School District 23

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Prospect Heights School District 23, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Prospect Heights School District 23'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 fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 over financial reporting relevant to Prospect Heights School District 23'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 Prospect Heights School District 23'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Prospect Heights School District 23 as of June 30, 2021 and the respective changes in the modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matter

As discussed in Note 3, Prospect Heights School District 23 adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. Our opinions are not modified with respect to this matter.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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 23's basic financial statements. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of Prospect Heights School District 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 solely 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 the effectiveness of Prospect Heights School District 23's 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 23's internal control over financial reporting and compliance.



Oak Brook, Illinois
October 21, 2021

Prospect Heights School District 23

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

The discussion and analysis of Prospect Heights School District 23's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2021. 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. All amounts, unless otherwise indicated, are expressed in millions of dollars. Certain comparative information between the current year and the prior is presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- In total, net position increased by \$1.0. This represents a 6% increase from 2020.
- General revenues accounted for \$22.0 in revenue or 60% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$14.5 or 40% of total revenues of \$36.5.
- The District had \$35.5 in expenses related to government activities. However, only \$14.5 of these expenses were offset by program specific charges and grants.

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 basic financial statements.

This report also contains other supplementary information in addition to the basic financial 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.

Prospect Heights School District 23

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

The statement of net position - modified cash basis presents information on all District assets/deferred outflows of resources and liabilities/deferred inflows of resources arising from cash transactions, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statements of activities - modified cash basis presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported with cash is received and disbursed. Additionally, activity related to acquisition, depreciation and year end balances of capital assets, as well as year end balances and related changes in long-term debt in its government-wide financial statements are reported.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operation and maintenance of facilities and transportation services.

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 are categorized as governmental funds (the District maintains no proprietary or fiduciary 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 spendable resources, as well as on balances of spendable resources available 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Operations and Maintenance Fund, Transportation Fund, IMRF/Social Security Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds.

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

Prospect Heights School District 23
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

Notes to basic financial statements

The notes to the 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 and accompanying notes, this report also presents certain information concerning the District's net pension and OPEB liabilities.

Government-Wide Financial Analysis

The District's combined net position was higher on June 30, 2021, than it was the year before, increasing 6% to \$19.2.

Table 1		
Condensed Statements of Net Position		
(in millions of dollars)		
	<u>2020*</u>	<u>2021</u>
Assets:		
Current and other assets	\$ 9.6	\$ 12.8
Capital assets	<u>17.5</u>	<u>17.7</u>
Total assets	<u>27.1</u>	<u>30.5</u>
Liabilities:		
Current liabilities	0.1	0.1
Long-term debt outstanding	<u>8.9</u>	<u>11.2</u>
Total liabilities	<u>9.0</u>	<u>11.3</u>
Net position:		
Net investment in capital assets	10.3	10.3
Restricted	5.1	5.6
Unrestricted	<u>2.7</u>	<u>3.3</u>
Total net position	<u>\$ 18.1</u>	<u>\$ 19.2</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 84 in fiscal year 2021.

Revenues in the governmental activities of the District of \$36.5 exceeded expenses by \$1.0.

Prospect Heights School District 23
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

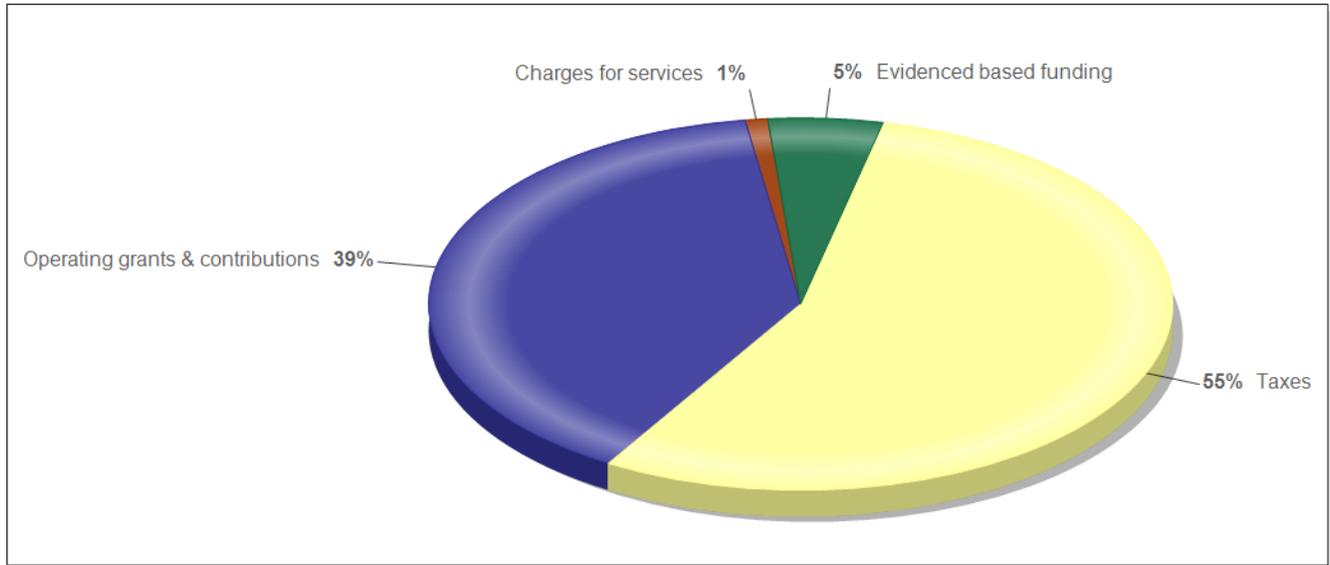
Table 2		
Changes in Net Position		
(in millions of dollars)		
	<u>2020*</u>	<u>2021</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 0.9	\$ 0.4
Operating grants & contributions	12.0	14.1
<i>General revenues:</i>		
Taxes	19.0	20.1
Evidenced based funding	1.8	1.8
Other	0.3	0.1
Total revenues	<u>34.0</u>	<u>36.5</u>
Expenses:		
Instruction	21.7	23.2
Pupil & instructional staff services	4.3	4.1
Administration & business	2.9	3.8
Transportation	1.3	0.9
Operations & maintenance	3.0	1.8
Interest & fees	0.4	0.4
Other	0.7	1.3
Total expenses	<u>34.3</u>	<u>35.5</u>
Increase (decrease) in net position	0.3)	1.0
Net position, beginning of year (as restated)	<u>18.4</u>	<u>18.2</u>
Net position, end of year	<u>\$ 18.1</u>	<u>\$ 19.2</u>

* Prior year information has not been updated for the District's implementation of GASB Statement No. 84 in fiscal year 2021.

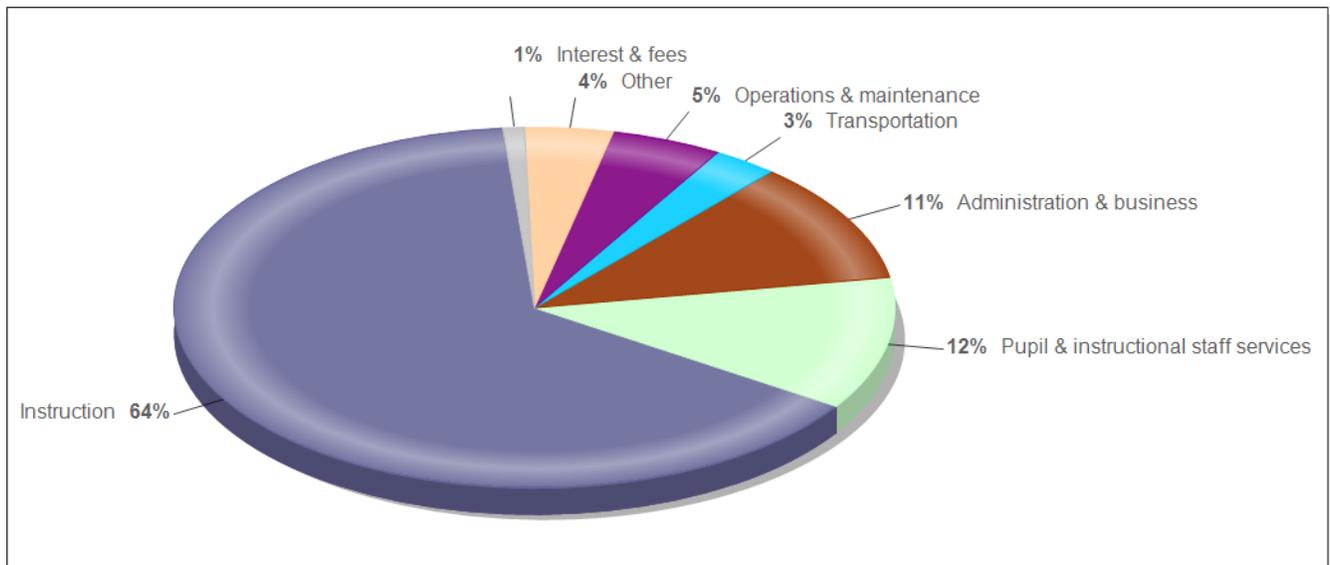
Property taxes accounted for the largest portion of the District's revenues, contributing 55%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$35.5, mainly related to instructing and caring for the students and student transportation at 79%.

Prospect Heights School District 23
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

District-Wide Revenues by Source



District-Wide Expenses by Function



Prospect Heights School District 23

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

Financial Analysis of the District's Funds

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. Overall the District's Governmental Funds balance increased from \$9.5 to \$12.6, largely due to the \$3.0 Working Cash bond issuance for capital projects. The sale of the bonds closed on June 9, 2021 and funds are to be spent within three years. These proceeds were transferred to the Capital Projects Fund and have been allocated for upcoming work.

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.

Of note during FY2021 are the increased revenues due to the Summer Food Service Program which repaid the District for all meals served, at an increased rate of reimbursement. Additionally, due to the remote nature of much of the school year, contracted service expenditures were under budget in both the General Fund (Educational Accounts) and Transportation Fund.

Capital Assets and Debt Administration

Capital assets

By the end of 2021, the District had compiled a total investment of \$26.7 (\$17.7 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$0.9. More detailed information about capital assets can be found in Note 6 of the basic financial statements.

Table 3		
Capital Assets (net of depreciation)		
(in millions of dollars)		
	<u>2020</u>	<u>2021</u>
Land	\$ 0.4	\$ 0.4
Construction in progress	-	0.1
Buildings	15.9	15.7
Equipment	0.8	0.8
Land improvements	0.4	0.7
Total	<u>\$ 17.5</u>	<u>\$ 17.7</u>

Prospect Heights School District 23
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended June 30, 2021

Long-term debt

The District retired \$0.9 in bonds and issued \$3.2 in bonds in 2021. Capital leases and other were reduced by \$(0.9). At the end of fiscal 2021, the District had a debt margin of \$30.7. More detailed information on long-term debt can be found in Note 7 of the basic financial statements.

Table 4		
Outstanding Long-Term Debt		
(in millions of dollars)		
	<u>2020</u>	<u>2021</u>
General obligation bonds	\$ 8.7	\$ 10.5
Capital leases and other	0.2	0.1
Unamortized premium	-	0.6
Total	<u>\$ 8.9</u>	<u>\$ 11.2</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

The Board of Education and the Prospect Heights Education Association are in the third year of a four-year agreement that commenced on July 1, 2019, and expires on June 30, 2023. The contract ties starting salaries, pay raises and stipend increases to the 10-year consumer price index. The Board of Education and the Prospect Heights Education Association are committed to working together in the best interest of the student population that they serve. The Administration and the Association representatives meet regularly to discuss issues for which the parties have concern. These discussions focus on how the Administration and Association can collaborate on methods by which the educational program can be improved, determine financial solutions to staffing and supply questions which impact the District's overall finances. In addition, the Board of Education, the Administration and Association continue their meetings within the Insurance Committee for the purpose of educating the District's employees on issues concerning health care coverage and costs. The end goal of the Committee is to reach consensus on program changes that lead to financial savings for the District and program options that benefit employees with minimal financial impact on those employees as well as providing options to employees searching for alternative health care plans.

Following a full evaluation and cost comparison of custodial outsourcing and contract negotiations with the custodial bargaining unit, the Board of Education and the Service Employees International Union Local No. 73, representatives of the District's custodians, agreed to a three-year agreement which commenced July 1, 2020, and expires on June 30, 2023. This agreement has tied the salary increases for the custodian unit to the 10-year consumer price index and the aforementioned agreement with the PHEA in order to benchmark the monies spent on salaries to the expected increases in revenue to be received from property tax revenue.

Going into the new school year, District 23 was again forced to make significant changes in its operations due to the COVID-19 pandemic. Schools continued educating students both remotely and in-person. The District worked to meet the needs of its students with some Federal Assistance. The District was approved for funding under the ESSER II and ESSER III Programs. ESSER II funds total \$467,000 and ESSER III funds total \$1,093,000. The District has chosen to focus on five areas of need: Technology, Space Modification, Curriculum & Programming, Mitigation Supplies & Equipment, and Personnel.

Prospect Heights School District 23

Management's Discussion and Analysis (Unaudited)

As of and for the Year Ended June 30, 2021

As students and families were still facing a “new normal” of remote learning and tightening budgets at home, public schools in Illinois were again asked by the Illinois State Board of Education to assist with the provision of meals for all children under the age of 18 for the school year. Waivers for District participation were extended, making full reimbursement of distributed meals, a reality. Through volunteer assistance and the ongoing partnership with its food service providers, District 23 was able to continue this valuable service and even realize a profit through the operation of this program.

Moving forward into FY2021, the District had been successful in negotiating a two-year extension with First Student allowing for minimal increases of 4.5% in 2020-21 and 3% in 2021-22 over the daily route cost with First Student. Through the implementation of community stops, and the continued review and consolidation of routes, we had hoped to see expenditures level out in FY2021. However, building closures and remote learning still allowed the District to realize an overall savings in its contracted services for transportation, even with the increase in actual route cost. The District is currently in negotiations with First Student for a one year extension of their existing agreement.

While most of the anticipated property tax revenue came in prior to the close of the fiscal year, property tax revenue receipts were indeed delayed. Some minimal funding was received after June 30, 2021. Rental revenue from district partners was less than anticipated due to COVID closures. For FY2021, Evidence Based Funding and State categorical funding remained flat. As such, the District’s finances will continue to work towards a balanced budget for FY2022 with a slight surplus in the major operating funds. However, in order to remain on a sustainable financial path with a consistent, quality educational program, the responsible budgeting and spending must continue along with the settlement of a sustainable collective bargaining agreement.

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

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

Requests for Information

This financial report is designed to provide the District’s citizens, taxpayers, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office:

Amy McPartlin
Prospect Heights School District 23
700 N. Schoenbeck Road
Prospect Heights, Illinois 60070

PROSPECT HEIGHTS SCHOOL DISTRICT 23
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 AS OF JUNE 30, 2021

	<u>GOVERNMENTAL ACTIVITIES</u>
Assets	
Cash and investments	\$ 12,738,111
Student activity cash	21,126
Capital assets:	
Land	405,938
Construction in progress	137,606
Capital assets being depreciated, net of accumulated depreciation	<u>17,176,904</u>
Total assets	<u>30,479,685</u>
Liabilities	
Accounts payable	(50)
Payroll deductions payable	110,034
Long-term liabilities:	
Other long-term liabilities - due within one year	959,770
Other long-term liabilities - due after one year	<u>10,210,116</u>
Total liabilities	<u>11,279,870</u>
Net position	
Net investment in capital assets	10,322,820
Restricted for:	
Tort immunity	221,402
Operations and maintenance	1,269,990
Student transportation	2,163,246
Retirement benefits	238,795
Debt service	719,894
Capital projects	750,518
Food service	191,960
Unrestricted	<u>3,321,190</u>
Total net position	<u>\$ 19,199,815</u>

See Notes to Basic Financial Statements

PROSPECT HEIGHTS SCHOOL DISTRICT 23

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
Governmental activities				
Instruction:				
Regular programs	\$ 7,143,033	\$ 347,317	\$ 254,917	\$ (6,540,799)
Special programs	4,061,856	-	725,093	(3,336,763)
Other instructional programs	1,075,355	11,140	34,048	(1,030,167)
Student activities	33,462	17,574	-	(15,888)
State retirement contributions	10,920,439	-	10,920,439	-
Support Services:				
Pupils	2,262,842	-	25,195	(2,237,647)
Instructional staff	1,826,495	-	31,139	(1,795,356)
General administration	626,038	-	-	(626,038)
School administration	1,209,874	-	-	(1,209,874)
Business	1,920,216	(2,315)	1,638,594	(283,937)
Transportation	856,050	-	506,528	(349,522)
Operations and maintenance	1,790,945	18,606	-	(1,772,339)
Central	337,652	-	-	(337,652)
Other supporting services	7,153	-	-	(7,153)
Community services	90,718	-	-	(90,718)
Interest and fees	393,577	-	-	(393,577)
Unallocated depreciation	922,922	-	-	(922,922)
Total governmental activities	\$ 35,478,627	\$ 392,322	\$ 14,135,953	(20,950,352)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	14,569,332
Real estate taxes, levied for specific purposes	4,132,172
Real estate taxes, levied for debt service	1,252,954
Personal property replacement taxes	104,620
State aid-formula grants	1,805,832
Investment income	105,477
Miscellaneous	8,646
Total general revenues	21,979,033
Change in net position	1,028,681
Net position, beginning of year (as restated)	18,171,134
Net position, end of year	\$ 19,199,815

See Notes to Basic Financial Statements

PROSPECT HEIGHTS SCHOOL DISTRICT 23

GOVERNMENTAL FUNDS

BALANCE SHEET - MODIFIED CASH BASIS

AS OF JUNE 30, 2021

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 4,521,367	\$ 1,298,191	\$ 2,180,292	\$ 241,147
Student activity cash	<u>21,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,542,493</u>	<u>\$ 1,298,191</u>	<u>\$ 2,180,292</u>	<u>\$ 241,147</u>
Liabilities				
Accounts payable	\$ (50)	\$ -	\$ -	\$ -
Payroll deductions payable	<u>110,098</u>	<u>(100)</u>	<u>36</u>	<u>-</u>
Total liabilities	<u>110,048</u>	<u>(100)</u>	<u>36</u>	<u>-</u>
Fund balance				
Restricted	413,362	1,269,990	2,163,246	238,795
Assigned	21,126	28,301	17,010	2,352
Unassigned	<u>3,997,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>4,432,445</u>	<u>1,298,291</u>	<u>2,180,256</u>	<u>241,147</u>
Total liabilities and fund balance	<u>\$ 4,542,493</u>	<u>\$ 1,298,191</u>	<u>\$ 2,180,292</u>	<u>\$ 241,147</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
\$ 724,856	\$ 3,772,258	\$ 12,738,111
<u>-</u>	<u>-</u>	<u>21,126</u>
<u>\$ 724,856</u>	<u>\$ 3,772,258</u>	<u>\$ 12,759,237</u>
\$ -	\$ -	\$ (50)
<u>-</u>	<u>-</u>	<u>110,034</u>
<u>-</u>	<u>-</u>	<u>109,984</u>
719,894	750,518	5,555,805
4,962	3,021,740	3,095,491
<u>-</u>	<u>-</u>	<u>3,997,957</u>
<u>724,856</u>	<u>3,772,258</u>	<u>12,649,253</u>
<u>\$ 724,856</u>	<u>\$ 3,772,258</u>	<u>\$ 12,759,237</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET - MODIFIED CASH BASIS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF JUNE 30, 2021

Total fund balances - governmental funds - modified cash basis		\$ 12,649,253
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position - Modified Cash Basis do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet - Modified Cash Basis.		
		17,720,448
Long-term liabilities applicable to the 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 - Modified Cash Basis.		
Balances at June 30, 2021 are:		
Bonds payable	\$ (10,500,000)	
Unamortized bond premium	(553,815)	
Capital leases	<u>(116,071)</u>	
		<u>(11,169,886)</u>
Net position of governmental activities - modified cash basis		<u>\$ 19,199,815</u>

See Notes to Basic Financial Statements

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 14,968,158	\$ 1,768,341	\$ 1,152,959	\$ 812,046
Corporate personal property replacement taxes	98,097	-	-	6,523
State aid	7,016,527	50,000	506,528	-
Federal aid	2,568,505	44,520	-	-
Investment income	56,518	9,695	17,010	2,352
Student activities	17,574	-	-	-
Other	364,788	18,606	-	-
Total revenues	<u>25,090,167</u>	<u>1,891,162</u>	<u>1,676,497</u>	<u>820,921</u>
Expenditures				
Current:				
Instruction:				
Regular programs	7,067,402	-	-	79,213
Special programs	3,254,111	-	-	177,954
Other instructional programs	1,051,295	-	-	24,060
Student activities	33,462	-	-	-
State retirement contributions	5,164,734	-	-	-
Support Services:				
Pupils	2,141,613	-	-	121,229
Instructional staff	1,775,687	-	-	50,808
General administration	614,592	-	-	11,446
School administration	1,150,445	-	-	59,429
Business	1,894,443	-	-	25,773
Transportation	-	-	855,543	507
Operations and maintenance	33,721	1,601,676	-	155,548
Central	320,512	-	-	17,140
Other supporting services	5,394	-	1,650	109
Community services	80,543	-	-	10,175
Payments to other districts and gov't units	543,723	-	86,068	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	163,995	57,418	-	-
Total expenditures	<u>25,295,672</u>	<u>1,659,094</u>	<u>943,261</u>	<u>733,391</u>
Excess (deficiency) of revenues over expenditures	<u>(205,505)</u>	<u>232,068</u>	<u>733,236</u>	<u>87,530</u>
Other financing sources (uses)				
Transfers in	-	3,006,800	-	-
Transfers (out)	(3,056,655)	(3,006,800)	-	-
Principal on bonds sold	2,452,985	-	-	-
Premium on bonds sold	553,815	-	-	-
Total other financing sources (uses)	<u>(49,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(255,360)	232,068	733,236	87,530
Fund balance, beginning of year (as restated)	<u>4,687,805</u>	<u>1,066,223</u>	<u>1,447,020</u>	<u>153,617</u>
Fund balance, end of year	<u>\$ 4,432,445</u>	<u>\$ 1,298,291</u>	<u>\$ 2,180,256</u>	<u>\$ 241,147</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
\$ 1,252,954	\$ -	\$ 19,954,458
-	-	104,620
-	-	7,573,055
-	-	2,613,025
4,962	14,940	105,477
-	-	17,574
-	-	383,394
<u>1,257,916</u>	<u>14,940</u>	<u>30,751,603</u>
-	-	7,146,615
-	-	3,432,065
-	-	1,075,355
-	-	33,462
-	-	5,164,734
-	-	2,262,842
-	-	1,826,495
-	-	626,038
-	-	1,209,874
-	-	1,920,216
-	-	856,050
-	-	1,790,945
-	-	337,652
-	-	7,153
-	-	90,718
-	-	629,791
907,678	-	907,678
393,577	-	393,577
-	931,535	1,152,948
<u>1,301,255</u>	<u>931,535</u>	<u>30,864,208</u>
<u>(43,339)</u>	<u>(916,595)</u>	<u>(112,605)</u>
49,855	3,006,800	6,063,455
-	-	(6,063,455)
207,015	-	2,660,000
-	-	553,815
<u>256,870</u>	<u>3,006,800</u>	<u>3,213,815</u>
213,531	2,090,205	3,101,210
<u>511,325</u>	<u>1,682,053</u>	<u>9,548,043</u>
<u>\$ 724,856</u>	<u>\$ 3,772,258</u>	<u>\$ 12,649,253</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds - modified cash basis	\$ 3,101,210
Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year net capital outlay exceeds depreciation expense in the current period.	230,026
The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to the governmental funds, while its principal repayment consumes current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which proceeds from current year long-term financing arrangements exceeded current year principal repayments.	(1,748,740)
Governmental funds report the effects of premiums, discounts and similar items when the debt is issued. However, these amounts are deferred and amortized in the Statement of Activities - Modified Cash Basis. This is the amount of the current year, net effect of these differences.	<u>(553,815)</u>
Change in net position of governmental activities - modified cash basis	<u><u>\$ 1,028,681</u></u>

See Notes to Basic Financial Statements

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Prospect Heights School District 23 (the “District”) operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the modified cash basis of accounting as applicable to the local governmental units of this type. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District’s operating activities are all considered “governmental activities”, that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered “business activities”.

The statement of activities demonstrates the degree to which the direct cash disbursements of a given function are offset by program receipts. Direct cash disbursement are those that are clearly identifiable with a specific function. Program receipts include (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenditures are recognized when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In the government-wide financial statements, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as described above. In the governmental fund financial statements, the current financial resources measurement focus is used. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

As a result of the use of the modified cash basis of accounting, certain assets and deferred inflows of resources and their related revenues, (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Major Governmental Funds

General Fund - the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

This fund also includes student activity funds held and controlled by the District, under the direction of district personnel, and administrative involvement of the board of education.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund or Capital Projects Funds.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement / Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Debt Service Fund - accounts for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Project Funds - accounts for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund - accounts for construction projects and renovations financed through bond issues.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at cost. Gains and losses on the sale of investments are recognized upon realization.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net position. Receivables are expected to be collected within one year.

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2020 levy resolution was approved during the December 9, 2020 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2020 and 2019 tax levies were 2.3% and 1.9%, respectively.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement / Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

Capital Assets

Capital assets, which include land, buildings, and other equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Land Improvements	10-20 Years
Buildings & Improvements	20-50 Years
Equipment	5-20 Years
Transportation Equipment	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Equity Classifications

Equity is classified as net position in the government-wide financial statements and displayed in three components:

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 less than any unspent debt proceeds.

Restricted net position - Consists of net position with constraints placed on its 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.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Unrestricted net position - All other net position that does 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.

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, pre-paid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned - includes General Fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. No one has been designated by the Board of Education to assign amounts for a specific purpose. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The assigned fund balance in the General Fund of \$21,126 is for student activity purposes. The remaining assigned fund balances are for purpose of the respective funds as described above in the Major Governmental Funds section.

The restricted fund balance in the General Fund is comprised of \$221,402 for tort immunity and \$191,960 for the operation of the District's food service program. The remaining restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the Governmental Funds are adopted on the cash basis, which is consistent with cash basis of accounting prescribed by the program accounting manual for Illinois school districts.

The Board of Education follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted, as there were no amendments during the past fiscal year.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (GAAP basis) includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

	Revenues	Expenditures
General Fund Budgetary Basis	\$ 19,925,433	\$ 20,130,938
To adjust for on-behalf payments received	-	5,164,734
To adjust for on-behalf payments made	<u>5,164,734</u>	<u>-</u>
General Fund GAAP Basis	<u>\$ 25,090,167</u>	<u>\$ 25,295,672</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (CONTINUED)

Excess of Expenditures over Budget

For the year ended June 30, 2021, expenditures exceeded budget in the General Fund, Debt Service Fund, Municipal Retirement/Social Security Fund and Capital Projects Fund by by \$160,335, \$54,546, \$7,756 and \$61,650, respectively. These excesses was funded by available financial resources.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

In January 2017, the Governmental Accounting Standards Board issued statement No. 84 - *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This standard was implemented July 1, 2020.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash & Investments under the custody of the Township Treasurer

Under the Illinois Compiled Statutes, the District 214 Township School Treasurer is the lawful custodian of all school funds. The Treasurer is appointed by the Township School Trustees, an independently elected body, to serve the school districts in the township. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

Cash and investments, other than the student activity and convenience accounts, petty cash, and imprest funds, are part of a common pool for all school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the District's percentage participation in the pool. All cash for all funds, including cash applicable to the Debt Service Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the District 214 Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The Treasurer's Office operates as a non-rated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted average to maturity of all marketable pooled investments held by the Treasurer was 2.32 years. The Treasurer also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2021, the fair value of all investments held by the Treasurer's office was \$405,786,710 and the fair value of the District's proportionate share of the pool was \$12,727,542.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Because all cash and investments are pooled by a separate legal governmental agency (Treasurer), categorization by risk category is not determinable. Further information about whether investments are insured, collateralized, or uncollateralized is available from the Treasurer's financial statements.

Cash & Investments in the custody of the District

Deposits of the student activity and imprest funds, which are held in the District's custody, consist of deposits with financial institutions. The following is a summary of such deposits:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits with financial institutions	\$ 31,695	\$ 52,196
Total	<u>\$ 10,569</u>	<u>\$ 52,196</u>

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2021, the bank balance of the District's deposit with financial institutions totaled \$52,196; of this amount, all of which are collateralized and insured.

Separate cash and investment accounts are not maintained for all District funds; instead, the individual funds maintain their invested and uninvested balances in the common checking and investment accounts, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

NOTE 5 - INTERFUND TRANSFERS

During the year, the District transferred \$49,855 from the General Fund (Education Accounts) to the Debt Service Fund for capital leases payments.

Also during the year, the Board of Education authorized the abatement of a portion of the General Fund (Working Cash Accounts), thereby transferring fund balance of \$3,006,800 to the Operations and Maintenance Fund. Subsequently, \$3,006,800 was transferred from the Operations and Maintenance Fund to the Capital Projects Fund.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2021 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Capital assets not being depreciated:</i>				
Land	\$ 405,938	\$ -	\$ -	\$ 405,938
Construction in progress	<u>-</u>	<u>137,606</u>	<u>-</u>	<u>137,606</u>
Total capital assets not being depreciated	<u>405,938</u>	<u>137,606</u>	<u>-</u>	<u>543,544</u>
<i>Capital assets being depreciated:</i>				
Land improvements	788,721	333,272	-	1,121,993
Buildings	21,628,628	503,521	-	22,132,149
Equipment	2,648,301	178,549	-	2,826,850
Transportation equipment	<u>88,962</u>	<u>-</u>	<u>-</u>	<u>88,962</u>
Total capital assets being depreciated	<u>25,154,612</u>	<u>1,015,342</u>	<u>-</u>	<u>26,169,954</u>
<i>Less Accumulated Depreciation for:</i>				
Land improvements	427,843	40,878	-	468,721
Buildings	5,732,069	668,643	-	6,400,712
Equipment	1,835,406	207,281	-	2,042,687
Transportation equipment	<u>74,810</u>	<u>6,120</u>	<u>-</u>	<u>80,930</u>
Total accumulated depreciation	<u>8,070,128</u>	<u>922,922</u>	<u>-</u>	<u>8,993,050</u>
Net capital assets being depreciated	<u>17,084,484</u>	<u>92,420</u>	<u>-</u>	<u>17,176,904</u>
Net governmental activities capital assets	<u>\$ 17,490,422</u>	<u>\$ 230,026</u>	<u>\$ -</u>	<u>\$ 17,720,448</u>

Depreciation expense was recognized in the operating activities of the District as follows:

<i>Governmental Activities</i>	<i>Depreciation</i>
Unallocated	\$ <u>922,922</u>
Total depreciation expense - governmental activities	\$ <u>922,922</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds	\$ 8,705,000	\$ 2,660,000	\$ 865,000	\$ 10,500,000	\$ 915,000
Unamortized premium	-	553,815	-	553,815	-
Total bonds payable	<u>8,705,000</u>	<u>3,213,815</u>	<u>865,000</u>	<u>11,053,815</u>	<u>915,000</u>
Capital leases	<u>162,331</u>	-	<u>46,260</u>	<u>116,071</u>	<u>44,770</u>
Total long-term liabilities - governmental activities	<u>\$ 8,867,331</u>	<u>\$ 3,213,815</u>	<u>\$ 911,260</u>	<u>\$ 11,169,886</u>	<u>\$ 959,770</u>

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Original Indebtedness	Carrying Amount
Series Series 2013 General Obligation Limited Tax Bonds dated February 7, 2013 are due in annual installments through December 15, 2023	4.00%	\$ 7,950,000	\$ 2,300,000
Series Series 2014 General Obligation Limited Tax Bonds dated January 28, 2014 are due in annual installments through December 15, 2024	4.00% - 4.25%	2,140,000	1,450,000
Series Series 2019A General Obligation Limited Tax Bonds dated December 15, 2030 are due in annual installments through December 15, 2026	4.00%	2,775,000	2,775,000
Series Series 2019B Taxable General Obligation Limited Tax Bonds dated are due in annual installments through	3.46% - 3.56%	1,315,000	1,315,000
Series Series 2021 General Obligation Limited Tax School Bonds dated June 9, 2021 are due in annual installments through December 15, 2031	4.00%	<u>2,660,000</u>	<u>2,660,000</u>
Total		<u>\$ 16,840,000</u>	<u>\$ 10,500,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	Principal	Interest	Total
2022	\$ 915,000	\$ 399,282	\$ 1,314,282
2023	970,000	359,809	1,329,809
2024	930,000	321,809	1,251,809
2025	960,000	282,809	1,242,809
2026	975,000	245,083	1,220,083
2027 - 2031	5,440,000	623,878	6,063,878
2032	<u>310,000</u>	<u>6,200</u>	<u>316,200</u>
Total	<u>\$ 10,500,000</u>	<u>\$ 2,238,870</u>	<u>\$ 12,738,870</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2021, the statutory debt limit for the District was \$41,822,674, providing a debt margin of \$30,652,788.

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of copier equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

	<i>Amount</i>
2022	\$ 49,856
2023	49,856
2024	<u>24,926</u>
Total minimum lease payments	124,638
Less: amount representing interest	<u>(8,567)</u>
Present value of minimum lease payments	<u>\$ 116,071</u>

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The District has purchased insurance from private insurance companies for general liability, workers' compensation and other coverages not included below. Premiums have been recorded as expenditures in the appropriate funds. There have been no significant reductions in insurance coverage from coverage in the prior years. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 9 - JOINT AGREEMENTS

The District is a member of Northwest Suburban Special Education Organization (NSSEO), a joint agreement that provides certain special education services to residents of many school districts. Additionally, the District is a member of the Early Childhood Development Enrichment Center (ECDEC), a joint agreement that serves pre-school children who are not progressing at the rate anticipated for their potential success in kindergarten. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreements' governing boards, these are not included as component units of the District.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

Plan Description. 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 publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services."

Benefits Provided. The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the 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.

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.24% of pay during the year ended June 30, 2021. State of Illinois contributions of \$136,219 were recognized as revenues and expenditures by the District during the year in the General Fund based on the current financial resources measurement basis. On the economic resources measurement basis, the District recognizes revenues and expenses of \$425,670 in Governmental Activities equal to the proportion of the State of Illinois's OPEB expense associated with the employer.

Contributions. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.93% during the year ended June 30, 2021. 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. For the year ended June 30, 2021, the District paid \$101,066 to the THIS Fund, respectively, which was 100 percent of the required contribution for the year.

THIS Fiduciary Net Position. Detailed information about the THIS Fund's fiduciary net position as of June 30, 2020 is available in the separately issued THIS Annual Financial Report.

Net OPEB Liability. At June 30, 2021, the District reported a liability for its proportionate share of the net OPEB liability (first amount shown below) that reflected a reduction for the state's retiree insurance 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 OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collection net OPEB liability	\$ 11,501,561
State's proportionate share of the collective net OPEB liability associated with the District	<u>15,581,483</u>
Total	<u>\$ 27,083,044</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. The District's proportion of the net OPEB liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2020, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2020 and 2019, the District's proportion was 0.043019% and 0.043286%, respectively.

Actuarial Assumptions. The net OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	4% to 9.5%
Investment Rate of Return	0.00%
Healthcare Cost Trend Rates - Initial	8.25%
Healthcare Cost Trend Rates - Ultimate	4.25%
Fiscal Year the Ultimate Rate is Reached	2037

Mortality rates were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants, mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Discount Rate. At June 30, 2020, the discount rate used to measure the total OPEB liability was a blended rate of 2.45%, which was a change from the June 30, 2019 rate of 3.13%. Since THIS is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	<u>\$ 13,823,248</u>	<u>\$ 11,501,561</u>	<u>\$ 9,662,201</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (initial rate of 7.25% decreasing to an ultimate rate of 3.25%) for non-Medicare coverage and initial rate of 8.25% decreasing to an ultimate rate of 4.25% for Medicare coverage) or 1-percentage-point higher (initial rate of 9.25% decreasing to an ultimate rate of 5.25%) for non-Medicare coverage and initial rate of 9.25% decreasing to an ultimate rate of 5.25% for Medicare coverage) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 9,250,759</u>	<u>\$ 11,501,561</u>	<u>\$ 14,544,223</u>

OPEB Expense. District OPEB expense, as part of the June 30, 2020 valuation, was \$347,330. For the year ended June 30, 2021, the District recognized on-behalf revenue and expenditures of \$425,670 for support provided by the state.

NOTE 11 - RETIREMENT SYSTEMS

The retirement plans of the District include the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Most funding for TRS is provided through payroll withholdings of certified employees and contributions made by the State of Illinois on-behalf of the District. IMRF is funded through property taxes and a perpetual lien of the District's corporate personal property replacement tax. Each retirement system is discussed below.

Teachers' Retirement System

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/financial-reports>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided. TRS provides retirement, disability, and death benefits. *Tier 1* members have TRS or reciprocal system service prior to January 1, 2011. *Tier 1* 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 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Tier 2 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 2* are identical to those of *Tier 1*. Death benefits are payable under a formula that is different from *Tier 1*.

Essentially all *Tier 1* retirees receive an annual 3 percent 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 2* annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

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 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2019 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2021, 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 expenses of \$10,494,769 in governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$5,028,515 in the General Fund based on the current financial resources measurement basis.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2021, were \$63,714.

Federal and Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under Public Act 100-0340, federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2021, the District pension contribution was 10.41 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2021, were \$5,820, which was equal to the District's required contribution.

TRS Fiduciary Net Position. Detailed information about the TRS's fiduciary net position as of June 30, 2020 is available in the separately issued TRS Comprehensive Annual Financial Report.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Net Pension Liability. At June 30, 2021, the District has 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 allocated to 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 collective net pension liability	\$ 1,258,111
State's proportionate share of the collective net pension liability associated with the District	<u>98,541,827</u>
Total	<u>\$ 99,799,938</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020. 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, 2020, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2020 and 2019, the District's proportion was 0.00145927 percent and 0.00158185 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2020 actuarial valuation included (a) 7.00% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

Mortality. Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2017. The assumptions were based on the results of an experience study dated September 18, 2018.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.00 %	6.70 %
U.S. equities small/mid cap	2.00 %	7.90 %
International equities developed	13.60 %	7.00 %
Emerging market equities	3.40 %	9.40 %
U.S. bonds core	8.00 %	2.20 %
International debt developed	2.20 %	1.30 %
Emerging international debt	2.60 %	4.50 %
Real estate	16.00 %	5.40 %
Commodities (real return)	4.00 %	1.80 %
Hedge funds (absolute return)	14.00 %	3.90 %
Private equity	15.00 %	10.20 %

Discount Rate. At June 30, 2020, the discount rate used to measure the total pension liability was a blended rate of 7.00 percent, which was the same as the prior valuation. 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 at June 30, 2020 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. *Tier 1's* liability is partially funded by *Tier 2* members, as the *Tier 2* member contribution is higher than the cost of *Tier 2* benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate Sensitivity. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, 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 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	<u>\$ 1,527,118</u>	<u>\$ 1,258,111</u>	<u>\$ 1,036,641</u>

Pension Expense. District pension expense, as part of the June 30, 2020 valuation, was \$95,733. For the year ended June 30, 2021, the District recognized TRS-related on-behalf revenue and expense of \$10,494,769 for support provided by the state.

Illinois Municipal Retirement Fund

Plan Description. The District'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 District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer pension plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 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 *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 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 *Regular 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Plan Membership. At December 31, 2020, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	85
Inactive, non-retired members	92
Active members	77
	<hr/>
Total	<u>254</u>

Contributions. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2020 was 11.16 percent of annual covered payroll. The District 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2020 annual actuarial valuation included (a) 7.25% investment rate of return, (b) projected salary increases from 2.85% to 13.75%, including inflation, and (c) price inflation of 2.25%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality. For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020 were used.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	6.35 %	5.00 %
International equities	18.00 %	7.65 %	6.00 %
Fixed income	28.00 %	1.40 %	1.30 %
Real estate	9.00 %	7.10 %	6.20 %
Alternatives	7.00 %		
Private equity		10.35 %	6.95 %
Hedge funds		N/A	N/A
Commodities		3.90 %	2.85 %
Cash equivalents	1.00 %	0.70 %	0.70 %

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.25%, the same rate as the prior valuation. The discount rate calculated using the December 31, 2019 measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be 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	Current Discount Rate	1% Increase
Total pension liability	\$ 17,617,616	\$ 15,961,525	\$ 14,597,513
Plan fiduciary net position	<u>15,914,313</u>	<u>15,914,313</u>	<u>15,914,313</u>
Net pension liability/(asset)	<u>\$ 1,703,303</u>	<u>\$ 47,212</u>	<u>\$ (1,316,800)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2020 was as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability (a)</i>	<i>Plan Fiduciary Net Position (b)</i>	<i>Net Pension Liability/ (Asset) (a) - (b)</i>
Balances at December 31, 2019	\$ 15,337,357	\$ 14,152,624	\$ 1,184,733
Service cost	291,912	-	291,912
Interest on total pension liability	1,089,960	-	1,089,960
Differences between expected and actual experience of the total pension liability	250,623	-	250,623
Change of assumptions	(109,553)	-	(109,553)
Benefit payments, including refunds of employee contributions	(898,774)	(898,774)	-
Contributions - employer	-	333,289	(333,289)
Contributions - employee	-	134,390	(134,390)
Net investment income	-	2,062,985	(2,062,985)
Other (net transfer)	-	129,799	(129,799)
	<u>\$ 15,961,525</u>	<u>\$ 15,914,313</u>	<u>\$ 47,212</u>
Balances at December 31, 2020			

Pension Expense. District pension expense/(revenue), as part of the December 31, 2020 valuation, was \$(54,555). For the year ended June 30, 2021, the District recognized pension expense of \$344,687.

NOTE 12 - CONSTRUCTION COMMITMENTS

As of June 30, 2021, the District is committed to approximately \$920,695 in expenditures in the upcoming years for various construction projects. These expenditures will be paid through the available fund balances and building bonds already issued.

NOTE 13 - CONTINGENT LIABILITIES

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 14 - RESTATEMENT

Net position and beginning fund balances have been restated due to the implementation of GASB Statement No. 84 - *Fiduciary Activities*. The restatement is necessary to present student activity amounts within the governmental activities and General Fund.

	Governmental Activities
Net position as previously reported, June 30, 2020	\$ 18,134,120
Adjustment to record student activity net position as of June 30, 2020	<u>37,014</u>
Net position as restated, June 30, 2020	<u>\$ 18,171,134</u>

	General Fund
Fund balance as previously reported, June 30, 2020	\$ 4,650,791
Adjustment to record student activity fund balances as of June 30, 2020	<u>37,014</u>
Fund balance as restated, June 30, 2020	<u>\$ 4,687,805</u>

**NOTE 15 - EFFECT OF NEW ACCOUNTING STANDARDS ON
CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

PROSPECT HEIGHTS SCHOOL DISTRICT 23
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 291,912	\$ 306,987	\$ 281,601
Interest	1,089,960	1,047,019	1,018,520
Differences between expected and actual experience	250,623	-	(1,066)
Changes of assumptions	(109,553)	155,134	369,609
Benefit payments, including refunds of member contributions	<u>(898,774)</u>	<u>(919,869)</u>	<u>(720,086)</u>
Net change in total pension liability	624,168	589,271	948,578
Total pension liability - beginning	<u>15,337,357</u>	<u>14,748,086</u>	<u>13,799,508</u>
Total pension liability - ending (a)	<u>\$ 15,961,525</u>	<u>\$ 15,337,357</u>	<u>\$ 14,748,086</u>
Plan fiduciary net position			
Employer contributions	\$ 333,289	\$ 282,379	\$ 308,750
Employee contributions	134,390	130,328	129,923
Net investment income	2,062,985	2,291,161	(733,240)
Benefit payments, including refunds of member contributions	(898,774)	(919,869)	(720,086)
Other (net transfer)	<u>129,799</u>	<u>106,104</u>	<u>133,554</u>
Net change in plan fiduciary net position	1,761,689	1,890,103	(881,099)
Plan fiduciary net position - beginning	<u>14,152,624</u>	<u>12,262,521</u>	<u>13,143,620</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,914,313</u>	<u>\$ 14,152,624</u>	<u>\$ 12,262,521</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 47,212</u>	<u>\$ 1,184,733</u>	<u>\$ 2,485,565</u>
Plan fiduciary net position as a percentage of the total pension liability	99.70%	92.28%	83.15%
Covered payroll	\$ 2,986,463	\$ 2,896,199	\$ 2,850,579
Employer's net pension liability as a percentage of covered payroll	1.58%	40.91%	87.20%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Actuary valuations are as of December 31st, which is 6 months prior to the end of the fiscal year.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 297,039	\$ 289,202	\$ 270,163	\$ 275,175
976,666	926,374	873,982	793,052
460,552	111,719	172,898	53,084
(451,717)	(42,210)	26,865	552,003
<u>(713,449)</u>	<u>(622,661)</u>	<u>(618,975)</u>	<u>(533,397)</u>
569,091	662,424	724,933	1,139,917
<u>13,230,417</u>	<u>12,567,993</u>	<u>11,843,060</u>	<u>10,703,143</u>
<u>\$ 13,799,508</u>	<u>\$ 13,230,417</u>	<u>\$ 12,567,993</u>	<u>\$ 11,843,060</u>
\$ 301,215	\$ 287,072	\$ 263,556	\$ 255,822
120,700	116,815	107,525	104,087
2,017,832	752,442	54,490	636,088
(713,449)	(622,661)	(618,975)	(533,397)
<u>(114,527)</u>	<u>70,085</u>	<u>99,505</u>	<u>44,980</u>
1,611,771	603,753	(93,899)	507,580
<u>11,531,849</u>	<u>10,928,096</u>	<u>11,021,995</u>	<u>10,514,415</u>
<u>\$ 13,143,620</u>	<u>\$ 11,531,849</u>	<u>\$ 10,928,096</u>	<u>\$ 11,021,995</u>
<u>\$ 655,888</u>	<u>\$ 1,698,568</u>	<u>\$ 1,639,897</u>	<u>\$ 821,065</u>
95.25%	87.16%	86.95%	93.07%
\$ 2,682,232	\$ 2,533,735	\$ 2,386,446	\$ 2,313,039
24.45%	67.04%	68.72%	35.50%

See Auditors' Report and Notes to Required Supplementary Information

PROSPECT HEIGHTS SCHOOL DISTRICT 23

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 333,289	\$ 282,379	\$ 308,750	\$ 301,215
Contributions in relation to the actuarially determined contribution	<u>(333,289)</u>	<u>(282,379)</u>	<u>(308,750)</u>	<u>(301,215)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,986,463	\$ 2,896,199	\$ 2,850,579	\$ 2,682,232
Contributions as a percentage of covered payroll	11.16%	9.75%	10.83%	11.23%
		<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution		\$ 287,072	\$ 263,556	\$ 257,707
Contributions in relation to the actuarially determined contribution		<u>(287,072)</u>	<u>(263,556)</u>	<u>(255,822)</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,885</u>
Covered payroll		\$ 2,533,735	\$ 2,386,446	\$ 2,313,039
Contributions as a percentage of covered payroll		11.33%	11.04%	11.06%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

PROSPECT HEIGHTS SCHOOL DISTRICT 23
TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS
Seven Most Recent Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0014592678%	0.0015818509%	0.0012170000%
District's proportionate share of the net pension liability	\$ 1,258,111	\$ 1,283,010	\$ 948,773
State's proportionate share of the net pension liability	<u>98,541,827</u>	<u>91,310,441</u>	<u>64,994,909</u>
Total net pension liability	<u>\$ 99,799,938</u>	<u>\$ 92,593,451</u>	<u>\$ 65,943,682</u>
Covered payroll	\$ 10,985,442	\$ 10,645,787	\$ 10,446,581
District's proportionate share of the net pension liability as a percentage of covered payroll	11.45%	12.05%	9.08%
Plan fiduciary net position as a percentage of the total pension liability	37.80%	39.60%	40.00%
Contractually required contribution	\$ 69,712	\$ 71,916	\$ 63,768
Contributions in relation to the contractually required contribution	<u>(69,535)</u>	<u>(72,312)</u>	<u>(60,530)</u>
Contribution deficiency (excess)	<u>\$ 177</u>	<u>\$ (396)</u>	<u>\$ 3,238</u>
Contributions as a percentage of covered payroll	0.6330%	0.6793%	0.5794%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.00%	7.00%
Municipal bond index	2.21%	3.50%	3.87%
Single equivalent discount rate	7.00%	7.00%	7.00%
Inflation rate	2.50%	2.50%	2.50%
Projected salary increases	4.00% to 9.50%	4.00% to 9.50%	4.00% to 9.50%
	varying by service	varying by service	varying by service

See Auditors' Report and Notes to Required Supplementary Information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0021850000%	0.0016930000%	0.0018100000%	0.0016690000%
\$ 1,669,293	\$ 1,336,513	\$ 1,185,733	\$ 1,015,995
<u>76,602,878</u>	<u>71,977,890</u>	<u>59,604,668</u>	<u>58,601,328</u>
<u>\$ 78,272,171</u>	<u>\$ 73,314,403</u>	<u>\$ 60,790,401</u>	<u>\$ 59,617,323</u>
\$ 10,394,510	\$ 9,919,360	\$ 9,669,897	\$ 9,758,902
16.06%	13.47%	12.26%	10.41%
39.30%	36.40%	41.50%	43.00%
\$ 63,768	\$ 76,086	\$ 60,695	\$ 59,565
<u>(82,359)</u>	<u>(68,424)</u>	<u>(64,248)</u>	<u>(59,565)</u>
<u>\$ (18,591)</u>	<u>\$ 7,662</u>	<u>\$ (3,553)</u>	<u>\$ -</u>
0.7923%	0.6898%	0.6644%	0.6104%
7.00%	7.00%	7.50%	7.50%
3.58%	2.85%	3.73%	N/A
7.00%	6.83%	7.47%	7.50%
2.50%	2.50%	3.00%	3.00%
3.25% to 9.25%	3.25% to 9.25%	3.75% to 9.75%	5.75%
varying by service	varying by service	varying by service	

See Auditors' Report and Notes to Required Supplementary Information

PROSPECT HEIGHTS SCHOOL DISTRICT 23
TEACHERS' HEALTH INSURANCE SECURITY FUND
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY AND DISTRICT CONTRIBUTIONS
Most Recent Fiscal Year

	2021
District's proportion of the net OPEB liability	0.0430190000%
District's proportionate share of the net OPEB liability	\$ 11,501,561
State's proportionate share of the net OPEB liability	15,581,483
Total net OPEB liability	\$ 27,083,044
Covered payroll	\$ 10,985,442
District's proportionate share of the net OPEB liability as a percentage of covered payroll	104.70%
Plan fiduciary net position as a percentage of the total pension liability	0.70%
Contractually required contribution	\$ 101,066
Contributions in relation to the contractually required contribution	(101,066)
Contribution deficiency (excess)	-
Contributions as a percentage of covered payroll	0.9200%

Notes to Schedule:

The District implemented GASB 68 in fiscal year 2018. However, the District did not begin tracking the information and disclosing until fiscal year 2021.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Key Assumptions:

Long-term expected rate of return	0.00%
Municipal bond index	2.45%
Single equivalent discount rate	2.45%
Inflation rate	2.50%
Healthcare cost trend rates - initial	Medicare and Non-Medicare - 8.25%
Healthcare cost trend rates - ultimate	4.25%
Mortality	RP-2014 Tables

See Auditors' Report and Notes to Required Supplementary Information

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 14,707,505	\$ 14,802,646	\$ 95,141
Tort immunity levy	241,581	165,512	(76,069)
Corporate personal property replacement taxes	90,000	98,097	8,097
Summer school tuition from pupils or parents (in state)	1,500	-	(1,500)
Investment income	185,000	56,518	(128,482)
Sales to pupils - lunch	195,000	(2,315)	(197,315)
Admissions - athletic	-	40	40
Fees	51,500	15,280	(36,220)
Book store sales	15,000	6,257	(8,743)
Other pupil activity revenue	-	249,056	249,056
Student activities	-	17,574	17,574
Rentals - regular textbook	248,000	-	(248,000)
Sales - other	13,000	11,140	(1,860)
Refund of prior years' expenditures	15,000	8,646	(6,354)
Other local fees	420,000	75,625	(344,375)
Other	<u>20,000</u>	<u>1,059</u>	<u>(18,941)</u>
Total local sources	<u>16,203,086</u>	<u>15,505,135</u>	<u>(697,951)</u>
State sources			
Evidence based funding	1,969,992	1,805,832	(164,160)
Special education - private facility tuition	35,000	41,910	6,910
CTE - Secondary program improvement	1,321	930	(391)
State free lunch & breakfast	4,500	965	(3,535)
Other restricted revenue from state sources	<u>8,000</u>	<u>2,156</u>	<u>(5,844)</u>
Total state sources	<u>2,018,813</u>	<u>1,851,793</u>	<u>(167,020)</u>
Federal sources			
Breakfast start-up	250	-	(250)
National school lunch program	165,000	2,076	(162,924)
School breakfast program	30,000	1,314	(28,686)
Summer food service admin/program	250,000	1,606,017	1,356,017
Fresh fruits & vegetables	-	28,222	28,222
Title I - Low income	157,081	123,817	(33,264)
Title IV - Safe & drug free schools - formula	15,000	25,195	10,195
Federal - special education - preschool flow-through	19,000	16,381	(2,619)
Federal - special education - IDEA - flow-through/low incident	325,768	331,222	5,454
Federal - special education - IDEA - room & board	110,000	56,681	(53,319)
Title III - English language acquisition	51,000	33,118	(17,882)
Title II - Teacher quality	36,856	31,139	(5,717)
Medicaid matching funds - administrative outreach	160,000	84,893	(75,107)
Medicaid matching funds - fee-for-service program	-	70,189	70,189
Other restricted revenue from federal sources	<u>125,000</u>	<u>158,241</u>	<u>33,241</u>
Total federal sources	<u>1,444,955</u>	<u>2,568,505</u>	<u>1,123,550</u>
Total revenues	<u>19,666,854</u>	<u>19,925,433</u>	<u>258,579</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures			
Instruction			
Regular programs			
Salaries	\$ 5,719,270	\$ 5,599,413	\$ 119,857
Employee benefits	1,071,549	1,076,069	(4,520)
Purchased services	42,050	76,316	(34,266)
Supplies and materials	441,141	314,970	126,171
Capital outlay	5,834	51,057	(45,223)
Other objects	<u>3,680</u>	<u>634</u>	<u>3,046</u>
Total	<u>7,283,524</u>	<u>7,118,459</u>	<u>165,065</u>
Tuition payment to charter schools			
Purchased services	<u>5,950</u>	<u>-</u>	<u>5,950</u>
Total	<u>5,950</u>	<u>-</u>	<u>5,950</u>
Special education programs			
Salaries	2,050,079	2,013,921	36,158
Employee benefits	660,890	640,500	20,390
Purchased services	39,900	28,542	11,358
Supplies and materials	26,500	28,464	(1,964)
Capital outlay	18,000	-	18,000
Other objects	<u>1,400</u>	<u>450</u>	<u>950</u>
Total	<u>2,796,769</u>	<u>2,711,877</u>	<u>84,892</u>
Special education programs Pre-K			
Salaries	247,261	247,261	-
Employee benefits	47,187	50,236	(3,049)
Purchased services	1,000	270	730
Supplies and materials	6,500	995	5,505
Capital outlay	8,000	-	8,000
Other objects	<u>150</u>	<u>-</u>	<u>150</u>
Total	<u>310,098</u>	<u>298,762</u>	<u>11,336</u>
Remedial and supplemental programs K - 12			
Salaries	73,500	68,089	5,411
Purchased services	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total	<u>83,500</u>	<u>68,089</u>	<u>15,411</u>
CTE programs			
Salaries	105,246	105,246	-
Employee benefits	17,953	17,871	82
Purchased services	1,400	-	1,400
Supplies and materials	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total	<u>128,599</u>	<u>123,117</u>	<u>5,482</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Interscholastic programs			
Salaries	\$ 151,559	\$ 95,295	\$ 56,264
Purchased services	6,000	925	5,075
Supplies and materials	1,000	-	1,000
Other objects	<u>2,000</u>	<u>580</u>	<u>1,420</u>
Total	<u>160,559</u>	<u>96,800</u>	<u>63,759</u>
Summer school programs			
Salaries	4,500	138,823	(134,323)
Purchased services	10,000	3,836	6,164
Supplies and materials	<u>1,000</u>	<u>658</u>	<u>342</u>
Total	<u>15,500</u>	<u>143,317</u>	<u>(127,817)</u>
Bilingual programs			
Salaries	605,305	577,843	27,462
Employee benefits	109,428	110,005	(577)
Supplies and materials	<u>5,750</u>	<u>213</u>	<u>5,537</u>
Total	<u>720,483</u>	<u>688,061</u>	<u>32,422</u>
Special education programs K -12 - private tuition			
Other objects	<u>290,000</u>	<u>175,383</u>	<u>114,617</u>
Total	<u>290,000</u>	<u>175,383</u>	<u>114,617</u>
Student activities			
Other objects	<u>-</u>	<u>33,462</u>	<u>(33,462)</u>
Total	<u>-</u>	<u>33,462</u>	<u>(33,462)</u>
Total instruction	<u>11,794,982</u>	<u>11,457,327</u>	<u>337,655</u>
Support services			
Pupils			
Attendance and social work services			
Salaries	332,278	330,407	1,871
Employee benefits	55,851	46,550	9,301
Purchased services	37,800	28,823	8,977
Supplies and materials	2,000	232	1,768
Other objects	<u>200</u>	<u>-</u>	<u>200</u>
Total	<u>428,129</u>	<u>406,012</u>	<u>22,117</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health services			
Salaries	\$ 575,082	\$ 571,071	\$ 4,011
Employee benefits	139,990	141,806	(1,816)
Purchased services	17,350	1,321	16,029
Supplies and materials	20,000	6,898	13,102
Capital outlay	8,000	4,156	3,844
Other objects	<u>850</u>	<u>-</u>	<u>850</u>
Total	<u>761,272</u>	<u>725,252</u>	<u>36,020</u>
Psychological services			
Salaries	384,808	365,822	18,986
Employee benefits	90,119	89,852	267
Purchased services	3,400	805	2,595
Supplies and materials	900	-	900
Other objects	<u>750</u>	<u>815</u>	<u>(65)</u>
Total	<u>479,977</u>	<u>457,294</u>	<u>22,683</u>
Speech pathology and audiology services			
Salaries	360,988	360,989	(1)
Employee benefits	66,576	46,372	20,204
Purchased services	68,769	97,730	(28,961)
Supplies and materials	11,500	512	10,988
Capital outlay	10,000	-	10,000
Other objects	<u>1,725</u>	<u>50</u>	<u>1,675</u>
Total	<u>519,558</u>	<u>505,653</u>	<u>13,905</u>
Other support services - pupils			
Purchased services	30,000	26,009	3,991
Supplies and materials	<u>20,000</u>	<u>25,549</u>	<u>(5,549)</u>
Total	<u>50,000</u>	<u>51,558</u>	<u>(1,558)</u>
Total pupils	<u>2,238,936</u>	<u>2,145,769</u>	<u>93,167</u>
Instructional staff			
Improvement of instructional services			
Salaries	352,397	432,358	(79,961)
Employee benefits	65,939	66,964	(1,025)
Purchased services	50,328	19,417	30,911
Supplies and materials	3,356	4,583	(1,227)
Other objects	<u>2,500</u>	<u>2,558</u>	<u>(58)</u>
Total	<u>474,520</u>	<u>525,880</u>	<u>(51,360)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Educational media services			
Salaries	\$ 833,126	\$ 808,168	\$ 24,958
Employee benefits	163,229	145,490	17,739
Purchased services	115,750	112,124	3,626
Supplies and materials	294,200	170,066	124,134
Capital outlay	38,000	100,585	(62,585)
Other objects	<u>2,000</u>	<u>514</u>	<u>1,486</u>
Total	<u>1,446,305</u>	<u>1,336,947</u>	<u>109,358</u>
Assessment and testing			
Supplies and materials	<u>15,000</u>	<u>13,445</u>	<u>1,555</u>
Total	<u>15,000</u>	<u>13,445</u>	<u>1,555</u>
Total instructional staff	<u>1,935,825</u>	<u>1,876,272</u>	<u>59,553</u>
General administration			
Board of education services			
Salaries	-	4,500	(4,500)
Employee benefits	-	451	(451)
Purchased services	54,000	23,493	30,507
Supplies and materials	4,500	2,612	1,888
Other objects	<u>9,000</u>	<u>8,417</u>	<u>583</u>
Total	<u>67,500</u>	<u>39,473</u>	<u>28,027</u>
Executive administration services			
Salaries	265,789	265,789	-
Employee benefits	76,624	76,598	26
Purchased services	7,000	5,462	1,538
Supplies and materials	17,000	14,477	2,523
Other objects	<u>3,000</u>	<u>2,301</u>	<u>699</u>
Total	<u>369,413</u>	<u>364,627</u>	<u>4,786</u>
Tort immunity services			
Employee benefits	-	5,758	(5,758)
Purchased services	<u>145,000</u>	<u>204,734</u>	<u>(59,734)</u>
Total	<u>145,000</u>	<u>210,492</u>	<u>(65,492)</u>
Total general administration	<u>581,913</u>	<u>614,592</u>	<u>(32,679)</u>
School administration			
Office of the principal services			
Salaries	887,024	889,474	(2,450)
Employee benefits	231,868	223,853	8,015
Purchased services	6,060	1,159	4,901
Supplies and materials	41,774	34,532	7,242
Other objects	<u>4,450</u>	<u>1,427</u>	<u>3,023</u>
Total	<u>1,171,176</u>	<u>1,150,445</u>	<u>20,731</u>
Total school administration	<u>1,171,176</u>	<u>1,150,445</u>	<u>20,731</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Business			
Direction of business support services			
Salaries	\$ 130,375	\$ 130,375	\$ -
Employee benefits	41,676	42,198	(522)
Purchased services	3,750	4,743	(993)
Other objects	<u>2,000</u>	<u>680</u>	<u>1,320</u>
Total	<u>177,801</u>	<u>177,996</u>	<u>(195)</u>
Fiscal services			
Salaries	115,447	115,447	-
Employee benefits	69,397	49,397	20,000
Purchased services	36,100	24,087	12,013
Supplies and materials	2,500	4,945	(2,445)
Other objects	<u>250</u>	<u>150</u>	<u>100</u>
Total	<u>223,694</u>	<u>194,026</u>	<u>29,668</u>
Operation and maintenance of plant services			
Purchased services	-	23,695	(23,695)
Supplies and materials	<u>-</u>	<u>10,026</u>	<u>(10,026)</u>
Total	<u>-</u>	<u>33,721</u>	<u>(33,721)</u>
Food services			
Salaries	85,126	34,901	50,225
Purchased services	355,750	1,425,596	(1,069,846)
Supplies and materials	153,200	33,904	119,296
Capital outlay	<u>15,000</u>	<u>8,197</u>	<u>6,803</u>
Total	<u>609,076</u>	<u>1,502,598</u>	<u>(893,522)</u>
Internal services			
Purchased services	29,000	28,020	980
Supplies and materials	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total	<u>31,500</u>	<u>28,020</u>	<u>3,480</u>
Total business	<u>1,042,071</u>	<u>1,936,361</u>	<u>(894,290)</u>
Central			
Planning, research, development and evaluation services			
Purchased services	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Information services			
Purchased services	96,450	117,587	(21,137)
Supplies and materials	<u>1,000</u>	<u>924</u>	<u>76</u>
Total	<u>97,450</u>	<u>118,511</u>	<u>(21,061)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Staff services			
Salaries	\$ 95,514	\$ 91,678	\$ 3,836
Employee benefits	22,629	22,629	-
Purchased services	20,750	20,523	227
Supplies and materials	17,500	18,037	(537)
Other objects	<u>2,000</u>	<u>615</u>	<u>1,385</u>
Total	<u>158,393</u>	<u>153,482</u>	<u>4,911</u>
Data processing services			
Purchased services	<u>30,500</u>	<u>23,519</u>	<u>6,981</u>
Total	<u>30,500</u>	<u>23,519</u>	<u>6,981</u>
Total central	<u>311,343</u>	<u>320,512</u>	<u>(9,169)</u>
Other supporting services			
Salaries	5,000	653	4,347
Purchased services	7,000	4,741	2,259
Supplies and materials	<u>500</u>	<u>-</u>	<u>500</u>
Total	<u>12,500</u>	<u>5,394</u>	<u>7,106</u>
Total support services	<u>7,293,764</u>	<u>8,049,345</u>	<u>(755,581)</u>
Community services			
Salaries	171,128	66,114	105,014
Employee benefits	9,864	9,863	1
Purchased services	41,500	285	41,215
Supplies and materials	<u>13,500</u>	<u>4,281</u>	<u>9,219</u>
Total community services	<u>235,992</u>	<u>80,543</u>	<u>155,449</u>
Payments to other districts and governmental units			
Payments for special education programs			
Purchased services	<u>248,865</u>	<u>184,463</u>	<u>64,402</u>
Total	<u>248,865</u>	<u>184,463</u>	<u>64,402</u>
Payments for special education programs - tuition			
Other objects	<u>397,000</u>	<u>359,260</u>	<u>37,740</u>
Total	<u>397,000</u>	<u>359,260</u>	<u>37,740</u>
Total payments to other districts and governmental units	<u>645,865</u>	<u>543,723</u>	<u>102,142</u>
Total expenditures	<u>19,970,603</u>	<u>20,130,938</u>	<u>(160,335)</u>
Excess (deficiency) of revenues over expenditures	<u>(303,749)</u>	<u>(205,505)</u>	<u>98,244</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Other financing sources (uses)			
Principal on bonds sold	\$ -	\$ 2,452,985	\$ 2,452,985
Premium on bonds sold	-	553,815	553,815
Permanent transfer from working cash fund - abatement	-	(3,006,800)	(3,006,800)
Transfer for principal on capital leases	-	(42,678)	(42,678)
Transfer for interest on capital leases	-	(7,177)	(7,177)
Total other financing sources (uses)	<u>-</u>	<u>(49,855)</u>	<u>(49,855)</u>
Net change in fund balance	<u>\$ (303,749)</u>	<u>(255,360)</u>	<u>\$ 48,389</u>
Fund balance, beginning of year (as restated)		<u>4,687,805</u>	
Fund balance, end of year		<u>\$ 4,432,445</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 1,768,364	\$ 1,768,341	\$ (23)
Investment income	20,000	9,695	(10,305)
Rentals	145,000	18,606	(126,394)
Impact fees from municipal or county governments	2,500	-	(2,500)
Other	500	-	(500)
Total local sources	<u>1,936,364</u>	<u>1,796,642</u>	<u>(139,722)</u>
State sources			
Other restricted revenue from state sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total state sources	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Federal sources			
Other restricted revenue from federal sources	<u>70,000</u>	<u>44,520</u>	<u>(25,480)</u>
Total federal sources	<u>70,000</u>	<u>44,520</u>	<u>(25,480)</u>
Total revenues	<u>2,056,364</u>	<u>1,891,162</u>	<u>(165,202)</u>
Expenditures			
Support services			
Business			
Operation and maintenance of plant services			
Salaries	875,087	843,145	31,942
Employee benefits	163,860	171,166	(7,306)
Purchased services	359,028	334,198	24,830
Supplies and materials	238,340	252,942	(14,602)
Capital outlay	142,250	54,777	87,473
Other objects	300	225	75
Total	<u>1,778,865</u>	<u>1,656,453</u>	<u>122,412</u>
Food services			
Capital outlay	<u>15,000</u>	<u>2,641</u>	<u>12,359</u>
Total	<u>15,000</u>	<u>2,641</u>	<u>12,359</u>
Total business	<u>1,793,865</u>	<u>1,659,094</u>	<u>134,771</u>
Total support services	<u>1,793,865</u>	<u>1,659,094</u>	<u>134,771</u>
Total expenditures	<u>1,793,865</u>	<u>1,659,094</u>	<u>134,771</u>
Excess (deficiency) of revenues over expenditures	<u>262,499</u>	<u>232,068</u>	<u>(30,431)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Other financing sources (uses)			
Permanent transfer from working cash fund - abatement	\$ -	\$ 3,006,800	\$ 3,006,800
Transfer to capital projects fund	<u>-</u>	<u>(3,006,800)</u>	<u>(3,006,800)</u>
Net change in fund balance	<u>\$ 262,499</u>	232,068	<u>\$ (30,431)</u>
Fund balance, beginning of year		<u>1,066,223</u>	
Fund balance, end of year		<u>\$ 1,298,291</u>	

**PROSPECT HEIGHTS SCHOOL DISTRICT 23
TRANSPORTATION FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 1,348,991	\$ 1,152,959	\$ (196,032)
Regular transportation fees from other LEAs (in state)	7,500	-	(7,500)
Investment income	<u>30,000</u>	<u>17,010</u>	<u>(12,990)</u>
Total local sources	<u>1,386,491</u>	<u>1,169,969</u>	<u>(216,522)</u>
State sources			
Transportation - regular/vocational	350,000	360,058	10,058
Transportation - special education	<u>150,000</u>	<u>146,470</u>	<u>(3,530)</u>
Total state sources	<u>500,000</u>	<u>506,528</u>	<u>6,528</u>
Total revenues	<u>1,886,491</u>	<u>1,676,497</u>	<u>(209,994)</u>
Expenditures			
Support Services			
Business			
Pupil transportation services			
Salaries	28,000	12,012	15,988
Purchased services	1,565,636	805,710	759,926
Supplies and materials	<u>82,500</u>	<u>37,821</u>	<u>44,679</u>
Total	<u>1,676,136</u>	<u>855,543</u>	<u>820,593</u>
Total business	<u>1,676,136</u>	<u>855,543</u>	<u>820,593</u>
Other supporting services			
Purchased services	<u>5,000</u>	<u>1,650</u>	<u>3,350</u>
Total	<u>5,000</u>	<u>1,650</u>	<u>3,350</u>
Total support services	<u>1,681,136</u>	<u>857,193</u>	<u>823,943</u>
Payments to other districts and government units			
Payments for special education programs			
Purchased services	<u>100,000</u>	<u>86,068</u>	<u>13,932</u>
Total	<u>100,000</u>	<u>86,068</u>	<u>13,932</u>
Total payments to other districts and government units	<u>100,000</u>	<u>86,068</u>	<u>13,932</u>
Total expenditures	<u>1,781,136</u>	<u>943,261</u>	<u>837,875</u>
Excess (deficiency) of revenues over expenditures	<u>105,355</u>	<u>733,236</u>	<u>627,881</u>
Net change in fund balance	<u>\$ 105,355</u>	733,236	<u>\$ 627,881</u>
Fund balance, beginning of year		<u>1,447,020</u>	
Fund balance, end of year		<u>\$ 2,180,256</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 402,962	\$ 406,023	\$ 3,061
Social security/Medicare only levy	402,962	406,023	3,061
Corporate personal property replacement taxes	-	6,523	6,523
Investment income	<u>3,000</u>	<u>2,352</u>	<u>(648)</u>
Total local sources	<u>808,924</u>	<u>820,921</u>	<u>11,997</u>
Total revenues	<u>808,924</u>	<u>820,921</u>	<u>11,997</u>
Expenditures			
Instruction			
Regular programs	79,971	79,213	758
Special education programs	173,659	165,304	8,355
Special education programs Pre-K	8,023	7,466	557
Remedial and supplemental programs K - 12	-	5,184	(5,184)
CTE programs	1,526	1,507	19
Interscholastic programs	-	1,623	(1,623)
Summer school programs	-	6,885	(6,885)
Bilingual programs	<u>13,880</u>	<u>14,045</u>	<u>(165)</u>
Total instruction	<u>277,059</u>	<u>281,227</u>	<u>(4,168)</u>
Support services			
Pupils			
Attendance and social work services	14,627	5,279	9,348
Health services	99,056	105,787	(6,731)
Psychological services	5,580	4,970	610
Speech pathology and audiology services	<u>6,172</u>	<u>5,193</u>	<u>979</u>
Total pupils	<u>125,435</u>	<u>121,229</u>	<u>4,206</u>
Instructional staff			
Improvement of instructional staff	6,134	11,856	(5,722)
Educational media services	<u>43,645</u>	<u>38,952</u>	<u>4,693</u>
Total instructional staff	<u>49,779</u>	<u>50,808</u>	<u>(1,029)</u>
General administration			
Board of education services	-	237	(237)
Executive administration services	<u>11,282</u>	<u>11,209</u>	<u>73</u>
Total general administration	<u>11,282</u>	<u>11,446</u>	<u>(164)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
School administration			
Office of the principal services	\$ 60,125	\$ 59,429	\$ 696
Total school administration	<u>60,125</u>	<u>59,429</u>	<u>696</u>
Business			
Direction of business support services	1,890	1,874	16
Fiscal services	21,716	21,491	225
Operations and maintenance of plant services	152,694	155,548	(2,854)
Pupil transportation services	-	507	(507)
Food services	-	2,408	(2,408)
Total business	<u>176,300</u>	<u>181,828</u>	<u>(5,528)</u>
Central			
Staff services	<u>17,261</u>	<u>17,140</u>	<u>121</u>
Total central	<u>17,261</u>	<u>17,140</u>	<u>121</u>
Other supporting services			
Total support services	<u>-</u>	<u>109</u>	<u>(109)</u>
Community services			
Total expenditures	<u>8,394</u>	<u>10,175</u>	<u>(1,781)</u>
Total expenditures	<u>725,635</u>	<u>733,391</u>	<u>(7,756)</u>
Excess (deficiency) of revenues over expenditures	<u>83,289</u>	<u>87,530</u>	<u>4,241</u>
Net change in fund balance	<u>\$ 83,289</u>	<u>87,530</u>	<u>\$ 4,241</u>
Fund balance, beginning of year		<u>153,617</u>	
Fund balance, end of year		<u>\$ 241,147</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 1,261,149	\$ 1,252,954	\$ (8,195)
Investment income	<u>9,000</u>	<u>4,962</u>	<u>(4,038)</u>
Total local sources	<u>1,270,149</u>	<u>1,257,916</u>	<u>(12,233)</u>
Total revenues	<u>1,270,149</u>	<u>1,257,916</u>	<u>(12,233)</u>
Expenditures			
Debt services			
Payments on long term debt			
Interest on long term debt	326,709	333,886	(7,177)
Principal payments on long term debt	<u>920,000</u>	<u>907,678</u>	<u>12,322</u>
Total	<u>1,246,709</u>	<u>1,241,564</u>	<u>5,145</u>
Other debt service			
Other objects	<u>-</u>	<u>59,691</u>	<u>(59,691)</u>
Total	<u>-</u>	<u>59,691</u>	<u>(59,691)</u>
Total debt services	<u>1,246,709</u>	<u>1,301,255</u>	<u>(54,546)</u>
Total expenditures	<u>1,246,709</u>	<u>1,301,255</u>	<u>(54,546)</u>
Excess (deficiency) of revenues over expenditures	<u>23,440</u>	<u>(43,339)</u>	<u>(66,779)</u>
Other financing sources (uses)			
Principal on bonds sold	-	207,015	207,015
Transfer for principal on capital leases	-	42,678	42,678
Transfer for interest on capital leases	<u>-</u>	<u>7,177</u>	<u>7,177</u>
Total other financing sources (uses)	<u>-</u>	<u>256,870</u>	<u>256,870</u>
Net change in fund balance	<u>\$ 23,440</u>	213,531	<u>\$ 190,091</u>
Fund balance, beginning of year		<u>511,325</u>	
Fund balance, end of year		<u>\$ 724,856</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
Investment income	\$ 38,000	\$ 14,940	\$ (23,060)
Total local sources	<u>38,000</u>	<u>14,940</u>	<u>(23,060)</u>
State sources			
Other restricted revenue from state sources	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total state sources	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total revenues	<u>138,000</u>	<u>14,940</u>	<u>(123,060)</u>
Expenditures			
Support services			
Business			
Facilities acquisition and construction service			
Purchased services	92,963	-	92,963
Capital outlay	<u>776,922</u>	<u>931,535</u>	<u>(154,613)</u>
Total	<u>869,885</u>	<u>931,535</u>	<u>(61,650)</u>
Total business	<u>869,885</u>	<u>931,535</u>	<u>(61,650)</u>
Total support services	<u>869,885</u>	<u>931,535</u>	<u>(61,650)</u>
Total expenditures	<u>869,885</u>	<u>931,535</u>	<u>(61,650)</u>
Excess (deficiency) of revenues over expenditures	<u>(731,885)</u>	<u>(916,595)</u>	<u>(184,710)</u>
Other financing sources (uses)			
Transfer to capital projects fund	<u>-</u>	<u>3,006,800</u>	<u>3,006,800</u>
Total other financing sources (uses)	<u>-</u>	<u>3,006,800</u>	<u>3,006,800</u>
Net change in fund balance	<u>\$ (731,885)</u>	2,090,205	<u>\$ 2,822,090</u>
Fund balance, beginning of year		<u>1,682,053</u>	
Fund balance, end of year		<u>\$ 3,772,258</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
AS OF JUNE 30, 2021

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets				
Cash	\$ 3,630,787	\$ 221,402	\$ 669,178	\$ 4,521,367
Student activity cash and investments	<u>21,126</u>	<u>-</u>	<u>-</u>	<u>21,126</u>
Total assets	<u>\$ 3,651,913</u>	<u>\$ 221,402</u>	<u>\$ 669,178</u>	<u>\$ 4,542,493</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ (50)	\$ -	\$ -	\$ (50)
Payroll deductions payable	<u>110,098</u>	<u>-</u>	<u>-</u>	<u>110,098</u>
Total liabilities	<u>110,048</u>	<u>-</u>	<u>-</u>	<u>110,048</u>
Fund balance				
Restricted	191,960	221,402	-	413,362
Assigned	21,126	-	-	21,126
Unassigned	<u>3,328,779</u>	<u>-</u>	<u>669,178</u>	<u>3,997,957</u>
Total fund balance	<u>3,541,865</u>	<u>221,402</u>	<u>669,178</u>	<u>4,432,445</u>
Total liabilities and fund balance	<u>\$ 3,651,913</u>	<u>\$ 221,402</u>	<u>\$ 669,178</u>	<u>\$ 4,542,493</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH
BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	EDUCATIONAL ACCOUNTS	TORT IMMUNITY AND JUDGMENT ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues				
Property taxes	\$ 14,569,332	\$ 165,512	\$ 233,314	\$ 14,968,158
Corporate personal property replacement taxes	98,097	-	-	98,097
State aid	7,016,527	-	-	7,016,527
Federal aid	2,568,505	-	-	2,568,505
Investment income	50,048	1,870	4,600	56,518
Student activities	17,574	-	-	17,574
Other	364,788	-	-	364,788
Total revenues	<u>24,684,871</u>	<u>167,382</u>	<u>237,914</u>	<u>25,090,167</u>
Expenditures				
Current:				
Instruction:				
Regular programs	7,067,402	-	-	7,067,402
Special programs	3,254,111	-	-	3,254,111
Other instructional programs	1,051,295	-	-	1,051,295
Student activities	33,462	-	-	33,462
State retirement contributions	5,164,734	-	-	5,164,734
Support Services:				
Pupils	2,141,613	-	-	2,141,613
Instructional staff	1,775,687	-	-	1,775,687
General administration	457,276	157,316	-	614,592
School administration	1,150,445	-	-	1,150,445
Business	1,894,443	-	-	1,894,443
Operations and maintenance	33,721	-	-	33,721
Central	320,512	-	-	320,512
Other supporting services	5,394	-	-	5,394
Community services	80,543	-	-	80,543
Payments to other districts and gov't units	543,723	-	-	543,723
Capital outlay	163,995	-	-	163,995
Total expenditures	<u>25,138,356</u>	<u>157,316</u>	<u>-</u>	<u>25,295,672</u>
Excess (deficiency) of revenues over expenditures	<u>(453,485)</u>	<u>10,066</u>	<u>237,914</u>	<u>(205,505)</u>
Other financing sources (uses)				
Transfers (out)	(49,855)	-	(3,006,800)	(3,056,655)
Principal on bonds sold	-	-	2,452,985	2,452,985
Premium on bonds sold	-	-	553,815	553,815
Total other financing sources (uses)	<u>(49,855)</u>	<u>-</u>	<u>-</u>	<u>(49,855)</u>
Net change in fund balance	(503,340)	10,066	237,914	(255,360)
Fund balance, beginning of year (as restated)	4,045,205	211,336	431,264	4,687,805
Fund balance, end of year	<u>\$ 3,541,865</u>	<u>\$ 221,402</u>	<u>\$ 669,178</u>	<u>\$ 4,432,445</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 14,429,817	\$ 14,569,332	\$ 139,515
Corporate personal property replacement taxes	90,000	98,097	8,097
Summer school tuition from pupils or parents (in state)	1,500	-	(1,500)
Investment income	175,000	50,048	(124,952)
Sales to pupils - lunch	195,000	(2,315)	(197,315)
Admissions - athletic	-	40	40
Fees	51,500	15,280	(36,220)
Book store sales	15,000	6,257	(8,743)
Other pupil activity revenue	-	249,056	249,056
Student activities	-	17,574	17,574
Rentals - regular textbook	248,000	-	(248,000)
Sales - other	13,000	11,140	(1,860)
Refund of prior years' expenditures	15,000	8,646	(6,354)
Other local fees	420,000	75,625	(344,375)
Other	20,000	1,059	(18,941)
Total local sources	<u>15,673,817</u>	<u>15,099,839</u>	<u>(573,978)</u>
State sources			
Evidence based funding	1,969,992	1,805,832	(164,160)
Special education - private facility tuition	35,000	41,910	6,910
CTE - Secondary program improvement	1,321	930	(391)
State free lunch & breakfast	4,500	965	(3,535)
Other restricted revenue from state sources	8,000	2,156	(5,844)
Total state sources	<u>2,018,813</u>	<u>1,851,793</u>	<u>(167,020)</u>
Federal sources			
Breakfast start-up	250	-	(250)
National school lunch program	165,000	2,076	(162,924)
School breakfast program	30,000	1,314	(28,686)
Summer food service admin/program	250,000	1,606,017	1,356,017
Fresh fruits & vegetables	-	28,222	28,222
Title I - Low income	157,081	123,817	(33,264)
Title IV - Safe & drug free schools - formula	15,000	25,195	10,195
Federal - special education - preschool flow-through	19,000	16,381	(2,619)
Federal - special education - IDEA - flow-through/low incident	325,768	331,222	5,454
Federal - special education - IDEA - room & board	110,000	56,681	(53,319)
Title III - English language acquisition	51,000	33,118	(17,882)
Title II - Teacher quality	36,856	31,139	(5,717)
Medicaid matching funds - administrative outreach	160,000	84,893	(75,107)
Medicaid matching funds - fee-for-service program	-	70,189	70,189
Other restricted revenue from federal sources	125,000	158,241	33,241
Total federal sources	<u>1,444,955</u>	<u>2,568,505</u>	<u>1,123,550</u>
Total revenues	<u>19,137,585</u>	<u>19,520,137</u>	<u>382,552</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures			
Instruction			
Regular programs			
Salaries	\$ 5,719,270	\$ 5,599,413	\$ 119,857
Employee benefits	1,071,549	1,076,069	(4,520)
Purchased services	42,050	76,316	(34,266)
Supplies and materials	441,141	314,970	126,171
Capital outlay	5,834	51,057	(45,223)
Other objects	<u>3,680</u>	<u>634</u>	<u>3,046</u>
Total	<u>7,283,524</u>	<u>7,118,459</u>	<u>165,065</u>
Tuition payment to charter schools			
Purchased services	<u>5,950</u>	<u>-</u>	<u>5,950</u>
Total	<u>5,950</u>	<u>-</u>	<u>5,950</u>
Special education programs			
Salaries	2,050,079	2,013,921	36,158
Employee benefits	660,890	640,500	20,390
Purchased services	39,900	28,542	11,358
Supplies and materials	26,500	28,464	(1,964)
Capital outlay	18,000	-	18,000
Other objects	<u>1,400</u>	<u>450</u>	<u>950</u>
Total	<u>2,796,769</u>	<u>2,711,877</u>	<u>84,892</u>
Special education programs Pre-K			
Salaries	247,261	247,261	-
Employee benefits	47,187	50,236	(3,049)
Purchased services	1,000	270	730
Supplies and materials	6,500	995	5,505
Capital outlay	8,000	-	8,000
Other objects	<u>150</u>	<u>-</u>	<u>150</u>
Total	<u>310,098</u>	<u>298,762</u>	<u>11,336</u>
Remedial and supplemental programs K - 12			
Salaries	73,500	68,089	5,411
Purchased services	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total	<u>83,500</u>	<u>68,089</u>	<u>15,411</u>
CTE programs			
Salaries	105,246	105,246	-
Employee benefits	17,953	17,871	82
Purchased services	1,400	-	1,400
Supplies and materials	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total	<u>128,599</u>	<u>123,117</u>	<u>5,482</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Interscholastic programs			
Salaries	\$ 151,559	\$ 95,295	\$ 56,264
Purchased services	6,000	925	5,075
Supplies and materials	1,000	-	1,000
Other objects	<u>2,000</u>	<u>580</u>	<u>1,420</u>
Total	<u>160,559</u>	<u>96,800</u>	<u>63,759</u>
Summer school programs			
Salaries	4,500	138,823	(134,323)
Purchased services	10,000	3,836	6,164
Supplies and materials	<u>1,000</u>	<u>658</u>	<u>342</u>
Total	<u>15,500</u>	<u>143,317</u>	<u>(127,817)</u>
Bilingual programs			
Salaries	605,305	577,843	27,462
Employee benefits	109,428	110,005	(577)
Supplies and materials	<u>5,750</u>	<u>213</u>	<u>5,537</u>
Total	<u>720,483</u>	<u>688,061</u>	<u>32,422</u>
Special education programs K -12 - private tuition			
Other objects	<u>290,000</u>	<u>175,383</u>	<u>114,617</u>
Total	<u>290,000</u>	<u>175,383</u>	<u>114,617</u>
Student activities			
Other objects	<u>-</u>	<u>33,462</u>	<u>(33,462)</u>
Total	<u>-</u>	<u>33,462</u>	<u>(33,462)</u>
Total instruction	<u>11,794,982</u>	<u>11,457,327</u>	<u>337,655</u>
Support services			
Pupils			
Attendance and social work services			
Salaries	332,278	330,407	1,871
Employee benefits	55,851	46,550	9,301
Purchased services	37,800	28,823	8,977
Supplies and materials	2,000	232	1,768
Other objects	<u>200</u>	<u>-</u>	<u>200</u>
Total	<u>428,129</u>	<u>406,012</u>	<u>22,117</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health services			
Salaries	\$ 575,082	\$ 571,071	\$ 4,011
Employee benefits	139,990	141,806	(1,816)
Purchased services	17,350	1,321	16,029
Supplies and materials	20,000	6,898	13,102
Capital outlay	8,000	4,156	3,844
Other objects	<u>850</u>	<u>-</u>	<u>850</u>
Total	<u>761,272</u>	<u>725,252</u>	<u>36,020</u>
Psychological services			
Salaries	384,808	365,822	18,986
Employee benefits	90,119	89,852	267
Purchased services	3,400	805	2,595
Supplies and materials	900	-	900
Other objects	<u>750</u>	<u>815</u>	<u>(65)</u>
Total	<u>479,977</u>	<u>457,294</u>	<u>22,683</u>
Speech pathology and audiology services			
Salaries	360,988	360,989	(1)
Employee benefits	66,576	46,372	20,204
Purchased services	68,769	97,730	(28,961)
Supplies and materials	11,500	512	10,988
Capital outlay	10,000	-	10,000
Other objects	<u>1,725</u>	<u>50</u>	<u>1,675</u>
Total	<u>519,558</u>	<u>505,653</u>	<u>13,905</u>
Other support services - pupils			
Purchased services	30,000	26,009	3,991
Supplies and materials	<u>20,000</u>	<u>25,549</u>	<u>(5,549)</u>
Total	<u>50,000</u>	<u>51,558</u>	<u>(1,558)</u>
Total pupils	<u>2,238,936</u>	<u>2,145,769</u>	<u>93,167</u>
Instructional staff			
Improvement of instructional services			
Salaries	352,397	432,358	(79,961)
Employee benefits	65,939	66,964	(1,025)
Purchased services	50,328	19,417	30,911
Supplies and materials	3,356	4,583	(1,227)
Other objects	<u>2,500</u>	<u>2,558</u>	<u>(58)</u>
Total	<u>474,520</u>	<u>525,880</u>	<u>(51,360)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Educational media services			
Salaries	\$ 833,126	\$ 808,168	\$ 24,958
Employee benefits	163,229	145,490	17,739
Purchased services	115,750	112,124	3,626
Supplies and materials	294,200	170,066	124,134
Capital outlay	38,000	100,585	(62,585)
Other objects	<u>2,000</u>	<u>514</u>	<u>1,486</u>
Total	<u>1,446,305</u>	<u>1,336,947</u>	<u>109,358</u>
Assessment and testing			
Supplies and materials	<u>15,000</u>	<u>13,445</u>	<u>1,555</u>
Total	<u>15,000</u>	<u>13,445</u>	<u>1,555</u>
Total instructional staff	<u>1,935,825</u>	<u>1,876,272</u>	<u>59,553</u>
General administration			
Board of education services			
Salaries	-	4,500	(4,500)
Employee benefits	-	451	(451)
Purchased services	54,000	23,493	30,507
Supplies and materials	4,500	2,612	1,888
Other objects	<u>9,000</u>	<u>8,417</u>	<u>583</u>
Total	<u>67,500</u>	<u>39,473</u>	<u>28,027</u>
Executive administration services			
Salaries	265,789	265,789	-
Employee benefits	76,624	76,598	26
Purchased services	7,000	5,462	1,538
Supplies and materials	17,000	14,477	2,523
Other objects	<u>3,000</u>	<u>2,301</u>	<u>699</u>
Total	<u>369,413</u>	<u>364,627</u>	<u>4,786</u>
Tort immunity services			
Purchased services	<u>145,000</u>	<u>53,176</u>	<u>91,824</u>
Total	<u>145,000</u>	<u>53,176</u>	<u>91,824</u>
Total general administration	<u>581,913</u>	<u>457,276</u>	<u>124,637</u>
School administration			
Office of the principal services			
Salaries	887,024	889,474	(2,450)
Employee benefits	231,868	223,853	8,015
Purchased services	6,060	1,159	4,901
Supplies and materials	41,774	34,532	7,242
Other objects	<u>4,450</u>	<u>1,427</u>	<u>3,023</u>
Total	<u>1,171,176</u>	<u>1,150,445</u>	<u>20,731</u>
Total school administration	<u>1,171,176</u>	<u>1,150,445</u>	<u>20,731</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Business			
Direction of business support services			
Salaries	\$ 130,375	\$ 130,375	\$ -
Employee benefits	41,676	42,198	(522)
Purchased services	3,750	4,743	(993)
Other objects	<u>2,000</u>	<u>680</u>	<u>1,320</u>
Total	<u>177,801</u>	<u>177,996</u>	<u>(195)</u>
Fiscal services			
Salaries	115,447	115,447	-
Employee benefits	69,397	49,397	20,000
Purchased services	36,100	24,087	12,013
Supplies and materials	2,500	4,945	(2,445)
Other objects	<u>250</u>	<u>150</u>	<u>100</u>
Total	<u>223,694</u>	<u>194,026</u>	<u>29,668</u>
Operation and maintenance of plant services			
Purchased services	-	23,695	(23,695)
Supplies and materials	<u>-</u>	<u>10,026</u>	<u>(10,026)</u>
Total	<u>-</u>	<u>33,721</u>	<u>(33,721)</u>
Food services			
Salaries	85,126	34,901	50,225
Purchased services	355,750	1,425,596	(1,069,846)
Supplies and materials	153,200	33,904	119,296
Capital outlay	<u>15,000</u>	<u>8,197</u>	<u>6,803</u>
Total	<u>609,076</u>	<u>1,502,598</u>	<u>(893,522)</u>
Internal services			
Purchased services	29,000	28,020	980
Supplies and materials	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total	<u>31,500</u>	<u>28,020</u>	<u>3,480</u>
Total business	<u>1,042,071</u>	<u>1,936,361</u>	<u>(894,290)</u>
Central			
Planning, research, development and evaluation services			
Purchased services	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Information services			
Purchased services	96,450	117,587	(21,137)
Supplies and materials	<u>1,000</u>	<u>924</u>	<u>76</u>
Total	<u>97,450</u>	<u>118,511</u>	<u>(21,061)</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Staff services			
Salaries	\$ 95,514	\$ 91,678	\$ 3,836
Employee benefits	22,629	22,629	-
Purchased services	20,750	20,523	227
Supplies and materials	17,500	18,037	(537)
Other objects	<u>2,000</u>	<u>615</u>	<u>1,385</u>
Total	<u>158,393</u>	<u>153,482</u>	<u>4,911</u>
Data processing services			
Purchased services	<u>30,500</u>	<u>23,519</u>	<u>6,981</u>
Total	<u>30,500</u>	<u>23,519</u>	<u>6,981</u>
Total central	<u>311,343</u>	<u>320,512</u>	<u>(9,169)</u>
Other supporting services			
Salaries	5,000	653	4,347
Purchased services	7,000	4,741	2,259
Supplies and materials	<u>500</u>	<u>-</u>	<u>500</u>
Total	<u>12,500</u>	<u>5,394</u>	<u>7,106</u>
Total support services	<u>7,293,764</u>	<u>7,892,029</u>	<u>(598,265)</u>
Community services			
Salaries	171,128	66,114	105,014
Employee benefits	9,864	9,863	1
Purchased services	41,500	285	41,215
Supplies and materials	<u>13,500</u>	<u>4,281</u>	<u>9,219</u>
Total community services	<u>235,992</u>	<u>80,543</u>	<u>155,449</u>
Payments to other districts and governmental units			
Payments for special education programs			
Purchased services	<u>248,865</u>	<u>184,463</u>	<u>64,402</u>
Total	<u>248,865</u>	<u>184,463</u>	<u>64,402</u>
Payments for special education programs - tuition			
Other objects	<u>397,000</u>	<u>359,260</u>	<u>37,740</u>
Total	<u>397,000</u>	<u>359,260</u>	<u>37,740</u>
Total payments to other districts and governmental units	<u>645,865</u>	<u>543,723</u>	<u>102,142</u>
Total expenditures	<u>19,970,603</u>	<u>19,973,622</u>	<u>(3,019)</u>
Excess (deficiency) of revenues over expenditures	<u>(833,018)</u>	<u>(453,485)</u>	<u>379,533</u>

PROSPECT HEIGHTS SCHOOL DISTRICT 23
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Other financing sources (uses)			
Transfer for principal on capital leases	\$ -	\$ (42,678)	\$ (42,678)
Transfer for interest on capital leases	<u>-</u>	<u>(7,177)</u>	<u>(7,177)</u>
Total other financing sources (uses)	<u>-</u>	<u>(49,855)</u>	<u>(49,855)</u>
Net change in fund balance	<u>\$ (833,018)</u>	<u>(503,340)</u>	<u>\$ 329,678</u>
Fund balance, beginning of year (as restated)		<u>4,045,205</u>	
Fund balance, end of year		<u>\$ 3,541,865</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
TORT IMMUNITY AND JUDGMENT ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
Tort immunity levy	\$ 241,581	\$ 165,512	\$ (76,069)
Investment income	<u>3,000</u>	<u>1,870</u>	<u>(1,130)</u>
Total local sources	<u>244,581</u>	<u>167,382</u>	<u>(77,199)</u>
Total revenues	<u>244,581</u>	<u>167,382</u>	<u>(77,199)</u>
Expenditures			
Support Services			
General administration			
Risk management and claims services payments			
Employee benefits	-	5,758	(5,758)
Purchased services	<u>-</u>	<u>151,558</u>	<u>(151,558)</u>
Total	<u>-</u>	<u>157,316</u>	<u>(157,316)</u>
Total general administration	<u>-</u>	<u>157,316</u>	<u>(157,316)</u>
Total expenditures	<u>-</u>	<u>157,316</u>	<u>(157,316)</u>
Excess (deficiency) of revenues over expenditures	<u>244,581</u>	<u>10,066</u>	<u>(234,515)</u>
Net change in fund balance	<u>\$ 244,581</u>	10,066	<u>\$ (234,515)</u>
Fund balance, beginning of year		<u>211,336</u>	
Fund balance, end of year		<u>\$ 221,402</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT 23
WORKING CASH ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues			
Local sources			
General levy	\$ 277,688	\$ 233,314	\$ (44,374)
Investment income	<u>7,000</u>	<u>4,600</u>	<u>(2,400)</u>
Total local sources	<u>284,688</u>	<u>237,914</u>	<u>(46,774)</u>
Total revenues	<u>284,688</u>	<u>237,914</u>	<u>(46,774)</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>284,688</u>	<u>237,914</u>	<u>(46,774)</u>
Other financing sources (uses)			
Principal on bonds sold	-	2,452,985	2,452,985
Premium on bonds sold	-	553,815	553,815
Permanent transfer from working cash fund - abatement	<u>-</u>	<u>(3,006,800)</u>	<u>(3,006,800)</u>
Net change in fund balance	<u>\$ 284,688</u>	237,914	<u>\$ (46,774)</u>
Fund balance, beginning of year		<u>431,264</u>	
Fund balance, end of year		<u>\$ 669,178</u>	



Reporting and insights from 2021 audit:

Prospect Heights School District 23

June 30, 2021

Executive summary

October 21, 2021

The Board of Education
Prospect Heights School District 23
700 N. Schoenbeck Road
Prospect Heights, IL 60070

We have completed our audit of the financial statements of Prospect Heights School District 23 (the "District") for the year ended June 30, 2021, and have issued our report thereon dated October 21, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your District's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Prospect Heights School District 23 should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Nick Cavaliere, CPA, CFE, Partner: n.cavaliere@bakertilly.com or +1 (630) 645 6244
- Calvin Kunkel, Manager: calvin.kunkel@bakertilly.com or +1 (630) 645 6227

Sincerely,

Baker Tilly US, LLP



Nicholus Cavaliere, CFE, CPA, Partner

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Audit status.....	8
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Accounting changes relevant to Prospect Heights School District 23	17
Trending challenges and opportunities for organizations	20
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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Responsibilities



Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the District's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*.
- Considering internal control over compliance with requirements that could have a direct and material effect on major federal [and major state] programs to design tests of both controls and compliance with identified requirements.
- Forming and expressing an opinion based on our audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) about the entity's compliance with requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs.

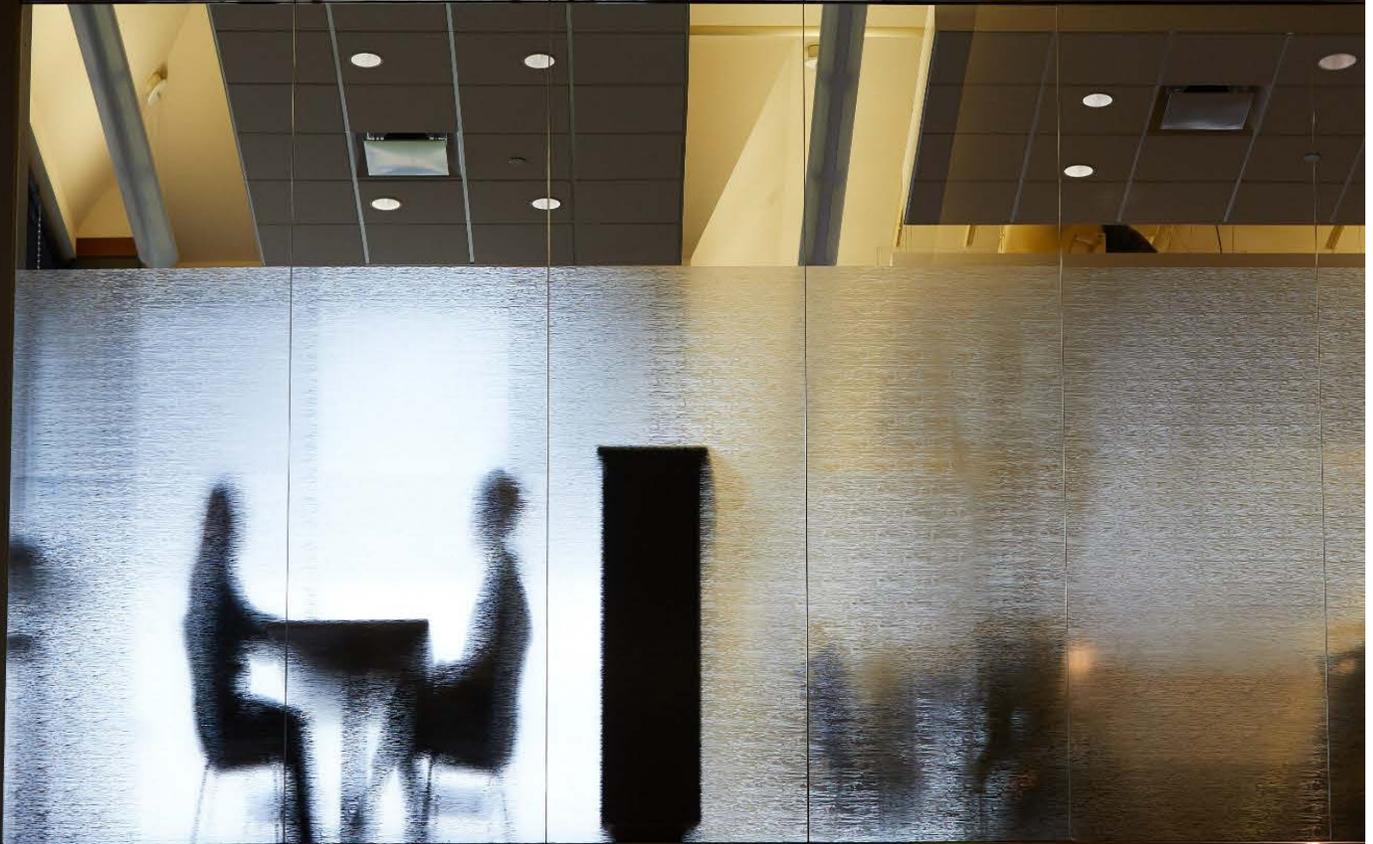
We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the District's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 <p>Prepare and fairly present the financial statements</p>	<p>Our audit does not relieve management or those charged with governance of their responsibilities</p>
 <p>Establish and maintain effective internal control over financial reporting and compliance with laws, regulations, contracts and grants</p>	<p>An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls</p>
<p>Compliance with the types of requirements described in the <i>OMB Compliance Supplement</i></p>	<p>While our audit provides a reasonable basis for our opinion on compliance, it does not provide a legal determination on compliance with those requirements.</p>
 <p>Provide us with written representations at the conclusion of the audit</p>	<p>See Appendix for a copy of management's representations</p>

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the District and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the District's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis	Testing approach	
Cash and investments	Cash receipts	General disbursements
Payroll	Capital assets	Long-term debt
Fund balance/net position calculations	Financial reporting and required disclosures	Pension and OPEB Liabilities

Internal control matters

We considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by District are described in Note 1 to the financial statements. As described in Note 3, the District changed accounting policies related to identifying fiduciary activities by adopting *GASB Statement No. 84, Fiduciary Activities*. We noted no transactions entered into by the District during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
State of Illinois on-behalf payments	Evaluation of information provided by the Teacher's Retirement System and the Teacher's Health Insurance Security Fund	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the District or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited consolidated financial statements

Official statements

The District's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The District can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

We will issue a separate document which contains the results of our audit procedures to comply with the Uniform Guidance.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the District's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the District that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the District's related parties.

Other matters

We were not engaged to report on the other information, which accompanies the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting and conversion journal entries
- SEFA preparation
- Compiled regulatory reports
- Trial balance formatting from general ledger
- Preparation of the auditee section of the Data Collection Form

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

A man in a dark suit, light blue shirt, and blue patterned tie is walking from left to right. He is holding a black folder or tablet in his left hand. The background is a large, textured wall with a complex, organic pattern of overlapping lines and shapes, resembling a fingerprint or a topographical map.

Accounting changes relevant to Prospect Heights School District 23

Accounting changes relevant to Prospect Heights School District 23

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	6/30/22*
89	Accounting for Interest Incurred before the End of a Construction Period		6/30/22*
91	Conduit Debt		6/30/23*
92	Omnibus 2020		6/30/22*
93	Replacement of Interfund Bank Offered Rates		6/30/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements		6/30/23
96	Subscription-Based Information Technology Arrangements		6/30/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans		6/30/22

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective soon. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

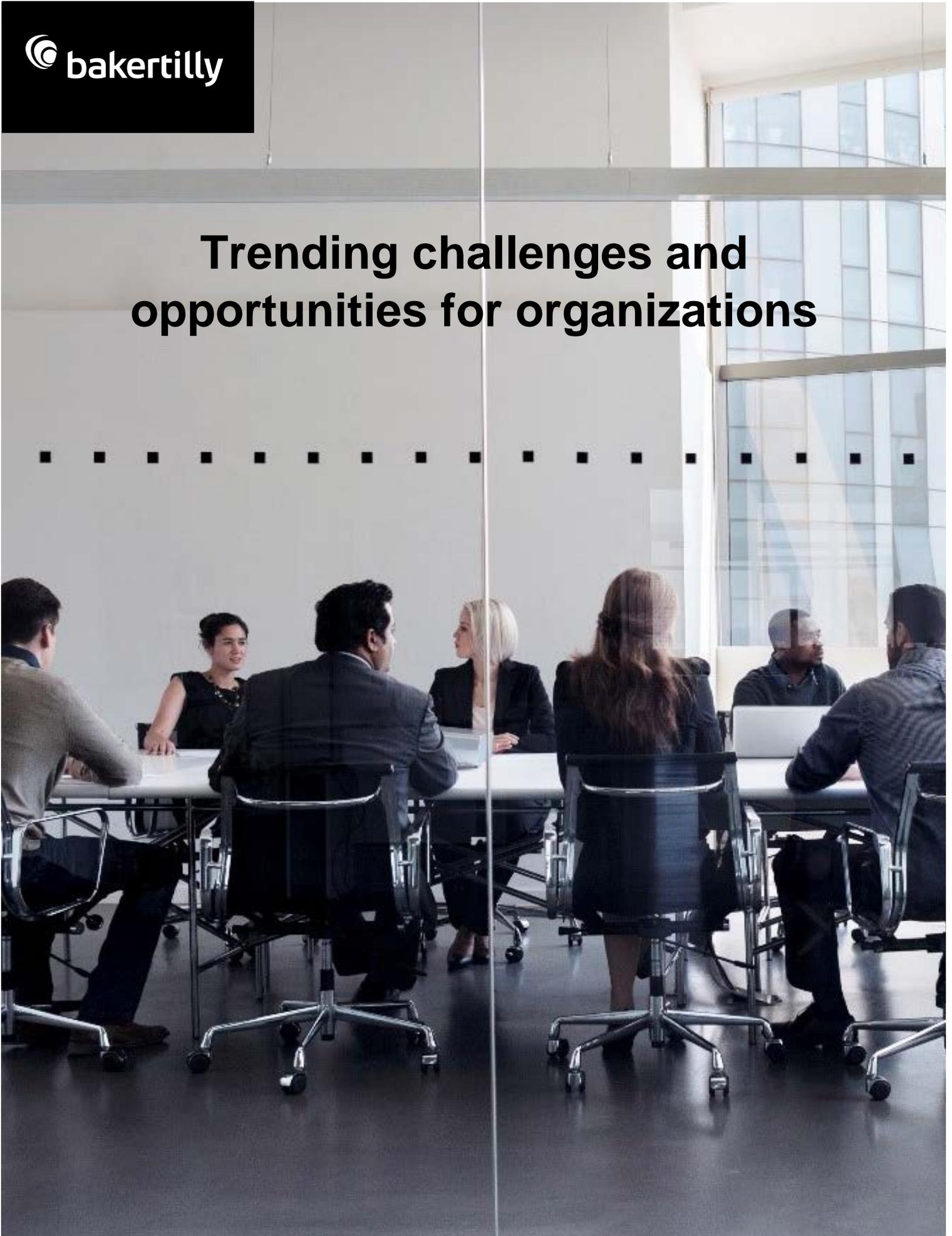
We recommend the District review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the District should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Trending challenges and opportunities for organizations



Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Turning toward recovery and growth

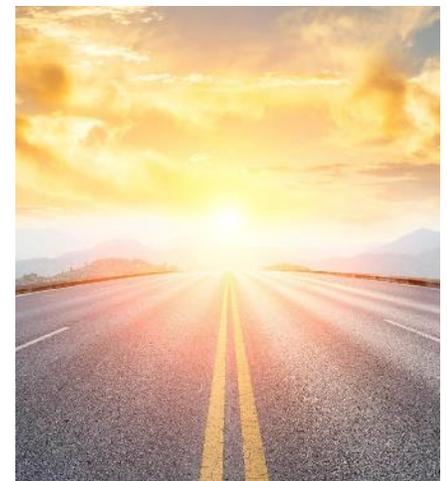
Many organizations are focusing on the strategic restart and ramp up of their operations.

With great uncertainty about what recovery will look like—or how long it will take—it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

We can help you chart a way forward that will enhance and maximize your value, minimize further disruption and keep your workforce safe.

Recommendation

Follow our [road map](#) to reopen, recover and reset.



Compliance with federal awards



Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about [compliance for federal funds](#) obtained for pandemic response efforts.

Recession proofing measures



Challenge

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders strive to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

In times of crisis, additional challenges emerge to maintain essential services, ensure citizen safety, protect their workforce and jumpstart programs to mitigate negative local economic impacts—all while focusing on planning for long-term effects of revenue shortages and the subsequent recovery.

Developing strategic clarity, aligning resources with priorities, strengthening performance, optimizing processes and leveraging

technology are imperative.

Recommendation

Learn about [proactive measures to insulate your organization](#) from financial hardship and to [optimize your organization's performance](#).

Recruiting and hiring

Challenge

Public sector entities in need of key workforce personnel, such as city or county managers and administrators, city or county attorneys, fire chiefs, police chiefs and other departmental directors, may find themselves in an unenviable position during a pandemic.

Organizations need the talent, but a pandemic can disrupt essential business processes and cause apprehension about access to desirable candidates.

Hiring leaders should proactively discuss what-if scenarios, evaluate short-term and long-term hiring priorities, and plan for situations where immediate recruitment is imperative.

Recommendation

Learn the key considerations and actions for [recruiting and hiring](#) in a crisis.



Risk assessment

Challenge



Organizations today manage ever-expanding priorities in a constantly evolving, disruptive risk environment. Undetected risks, insufficient internal controls and inefficient business processes may negatively impact not only the entity but also its workforce and the community at large.

Risk assessment and internal audit prove essential to identifying top risks and the appropriateness of response in order to:

- Manage risk and compliance
- Enhance governance and strategy
- Optimize operations
- Gain assurance around key functions and processes that contribute toward meeting organizational goals

Recommendation

Learn about the key considerations for the [risk assessment process and internal audit planning](#).

Economic development

Challenge

In today's complex economic landscape, communities face the daunting challenge of rebuilding their local economies. Restoring the momentum of economic expansion and investment to enhance quality of life for residents and produce long-term financial gain for the community is at the forefront of concerns.

Whether attracting growth to maximize opportunity built around community strengths or accounting for the many unknowns caused by major disruptions, a robust economic development strategy is essential to recovery.

Recommendation

Learn about the advantages of creating an [economic development strategic plan and the framework](#) to follow.



Harnessing data and analytics for strategic insight and decision-making



Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about [data & analytics strategy and roadmaps](#), [MDM and data process re-engineering](#), [AI strategy](#), [data visualization](#) and other digital and analytic capabilities.

Information technology and cybersecurity



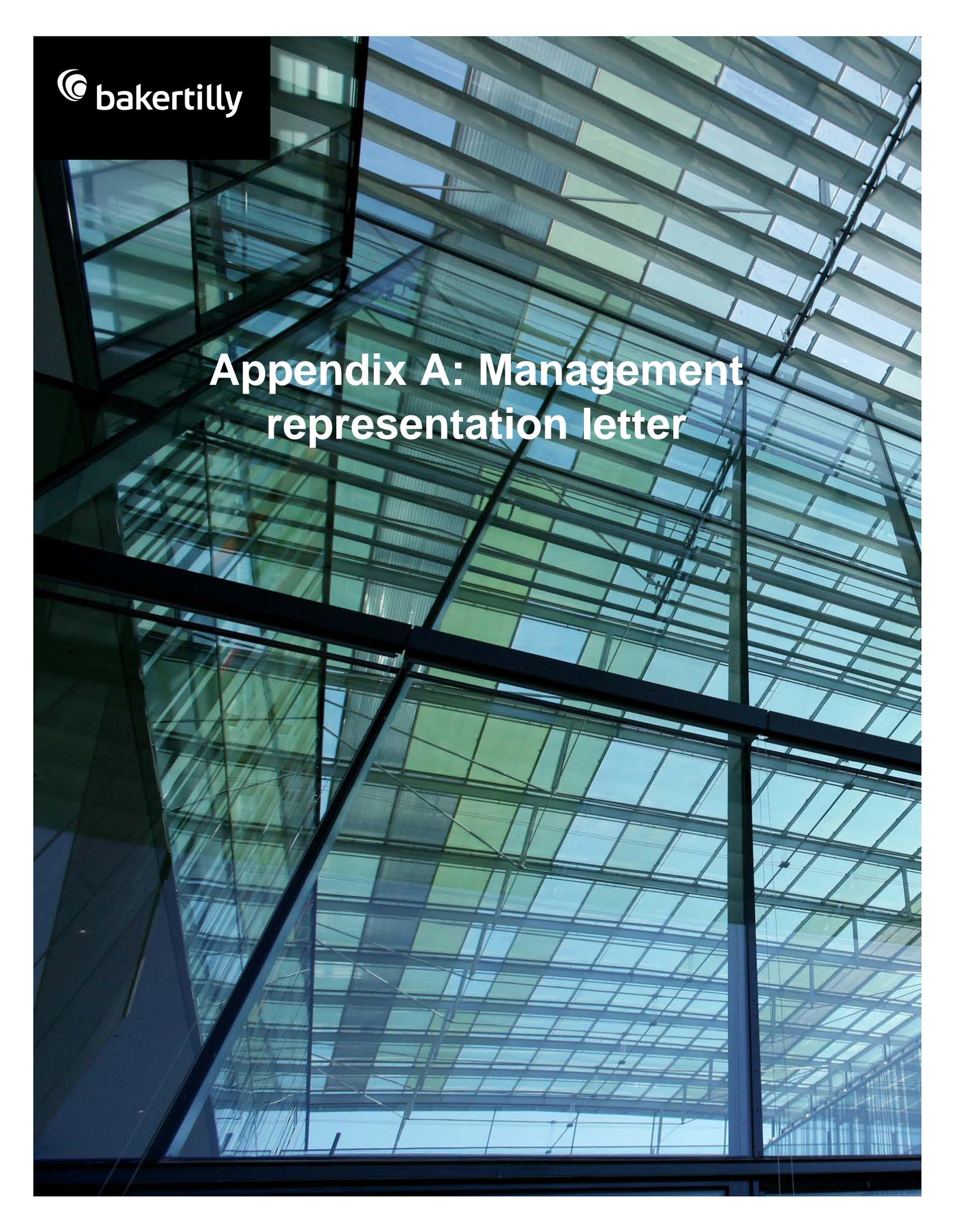
Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

[Learn more](#) about information technology and cybersecurity, including [System & Organization Controls reporting](#).

A low-angle, upward-looking photograph of a modern skyscraper's interior. The image shows a complex network of dark metal beams and large glass panels, creating a grid-like pattern. The lighting is bright, with a blueish tint, suggesting a high-altitude or well-lit environment. The perspective is from below, looking up at the ceiling structure.

Appendix A: Management representation letter



Prospect Heights School District 23

700 N. SCHOENBECK ROAD, PROSPECT HEIGHTS, ILLINOIS 60070

DISTRICT OFFICE

Phone (847) 870-3850
Fax: (847) 870-3896

EISENHOWER SCHOOL

Phone (847) 870-3875
Fax: (847) 870-3877

BETSY ROSS SCHOOL

Phone (847) 870-3868
Fax: (847) 870-3898

ANNE SULLIVAN SCHOOL

Phone (847) 870-3865
Fax: (847) 870-8113

MACARTHUR MIDDLE SCHOOL

Phone (847) 870-3879
Fax: (847) 870-3881

October 21, 2021

Baker Tilly
1301 West 22nd Street
Suite 400
Oak Brook, IL 60523

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Prospect Heights School District 23 as of June 30, 2021 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Prospect Heights School District 23 and the respective changes in financial position in conformity with the modified cash basis of accounting. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with the modified cash basis of accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by the modified cash basis of accounting to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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 fraud or error.
- 4) We acknowledge that we have included all informative disclosures that are appropriate for the modified cash basis or contractual basis used to prepare our financial statements. These include:



Prospect Heights School District 23

700 N. SCHOENBECK ROAD, PROSPECT HEIGHTS, ILLINOIS 60070

DISTRICT OFFICE

Phone (847) 870-3850
Fax: (847) 870-3896

EISENHOWER SCHOOL

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Fax: (847) 870-3898

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Fax: (847) 870-8113

MACARTHUR MIDDLE SCHOOL

Phone (847) 870-3879
Fax: (847) 870-3881

- i. A description of the modified cash basis or contractual basis, including a summary of significant accounting policies, and how the framework differs from GAAP,
- ii. Additional disclosures beyond those specifically required that may be necessary to achieve fair presentation.

5) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

6) Significant assumptions we used in making accounting estimates, if any, are reasonable.

7) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.

8) All events subsequent to the date of the financial statements and for which the modified cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

9) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

10) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.

11) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the modified cash basis of accounting.

12) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

13) We have provided you with:



Prospect Heights School District 23

700 N. SCHOENBECK ROAD, PROSPECT HEIGHTS, ILLINOIS 60070

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- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.

14) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

17) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) There are no known related parties or related party relationships and transactions of which we are aware.

Other

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.



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- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 24) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 26) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by the modified cash basis of accounting.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.



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27) In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

- a) Financial statement preparation
- b) Adjusting journal entries
- c) SEFA preparation
- d) Compiled regulatory reports
- e) Trial balance formatting from general ledger data
- f) Preparation of auditee sections of the data collection form

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

28) Prospect Heights School District 23 has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

29) The financial statements properly classify all funds and activities.

30) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.



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34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

35) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

36) Tax-exempt bonds issued have retained their tax-exempt status.

37) We have appropriately disclosed Prospect Heights School District 23's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

38) With respect to the supplementary information, (SI):

a) We acknowledge our responsibility for presenting the SI in accordance with the modified cash basis of accounting, and we believe the SI, including its form and content, is fairly presented in accordance with the modified cash basis of accounting.

The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

c. We acknowledge our responsibility for presenting the Consolidated Year-End Financial Report (CYEFR) in accordance with the standards set forth by the Grant Accountability and Transparency Act, and we believe the CYEFR, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the CYEFR.

39) We agree with the restatement presented in the current year's financial statements.



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40) We assume responsibility for, and agree with, the information provided by the Teachers Retirement System, Teacher Health Insurance Security Fund, and Illinois Municipal Retirement Fund as audited by their auditors relating to the net pension and OPEB asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

41) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.

42) We have implemented GASB Statement No. 84, *Fiduciary Activities*, and believe that all activities that meet the criteria for presentation as fiduciary activities have been identified and presented as such. In addition, we believe that all required disclosures and other accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.

43) With respect to federal award programs:

a) We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).

b) We acknowledge our responsibility for presenting the SEFA in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.



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e) We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are administering our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement relating to federal awards.

j) We have disclosed any communications from grantors and pass-through entities disclosed to you results of our including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.

l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

m) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.



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- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control subsequent to the date as of which compliance was audited.
- q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to federal awards in accordance with applicable cost principles.
- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- v) We are responsible for preparing and implementing a corrective action plan for each audit finding.
- w) We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organization relating to noncompliance at the service organizations.



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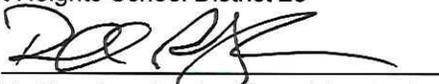
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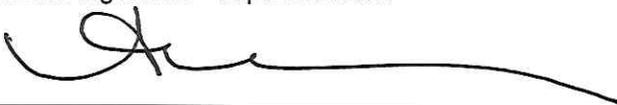
Sincerely,

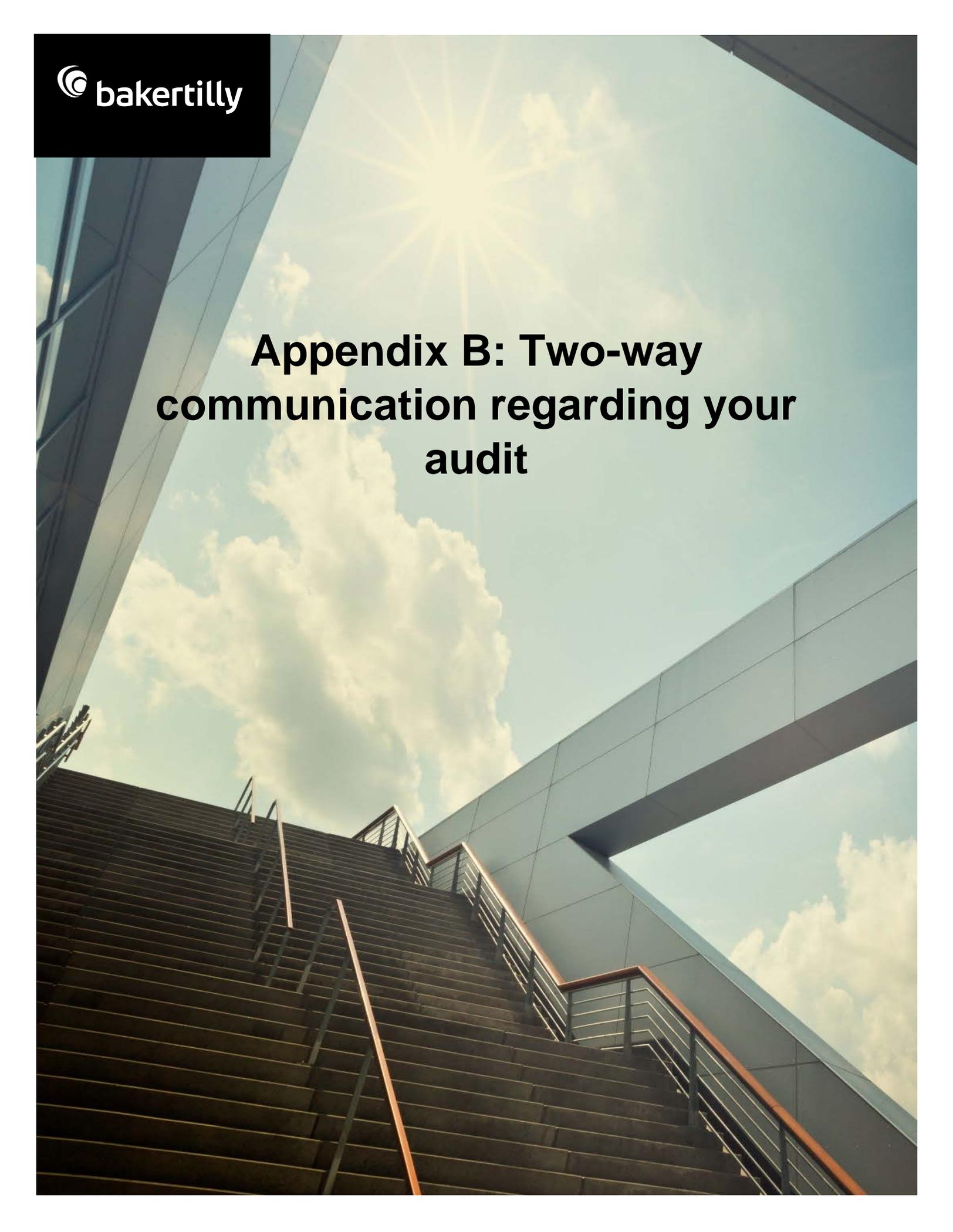
Prospect Heights School District 23

Signed: _____


Dr. Don Angelaccio - Superintendent

Signed: _____


Amy K. McPartlin - Assistant Superintendent for Finance & Operations

A low-angle photograph of a modern building's exterior. The image shows a wide set of dark stone stairs with metal railings leading up towards a sky filled with soft, white clouds. The sun is visible in the upper center, creating a bright starburst effect. The building's facade is composed of large, light-colored panels and a prominent horizontal architectural beam.

Appendix B: Two-way communication regarding your audit

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting

and compliance and the Uniform Guidance, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the District will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of April-June, and sometimes early in July. Our final financial fieldwork is scheduled during the late summer or fall to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-8 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**AMENDMENT TO EXTENSION OF PUPIL
TRANSPORTATION SERVICES AGREEMENT
BETWEEN PROSPECT HEIGHTS SCHOOL DISTRICT 23
AND FIRST STUDENT, INC.**

THIS AMENDMENT entered into as of the ___ day of _____, is made by and between PROSPECT HEIGHTS SCHOOL DISTRICT 23 with principle offices at 700 North Schoenbeck Road, Prospect Heights, IL 60070 (hereinafter called "DISTRICT"), and FIRST STUDENT, INC. with its local operating address at 1717 West Park Street, Suite 225, Naperville, IL 60563 and its national headquarters at 600 Vine Street, Suite 1400, Cincinnati, OH 45202, (hereinafter called "CONTRACTOR"). The DISTRICT and CONTRACTOR are collectively called the "PARTIES".

WHEREAS, the parties entered into that certain Pupil Transportation Services Agreement dated July 1, 2017 and as amended August 1, 2020 (hereinafter the "Agreement"), and all contingencies placed upon the bid specifications, and

WHEREAS, the parties desire to further extend the term of the Agreement and amend certain portions thereof;

NOW THEREFORE, the parties mutually agree as follows:

1. **Term:** The term of the Agreement shall extend for one (1) additional year commencing August 1, 2022 and continuing through July 31, 2023; thereafter this agreement may be extended on a year-to-year basis by mutual agreement of the parties, subject to the operation of ILL.Rev.Stat.Ch.105, Sec.5/29-6.1.
2. **Compensation:** Commencing August 1, 2022, the rates of compensation payable here under during the ensuing Contract Year shall be set forth in Exhibit "A" and are based on current number of routes and bell times. Exhibit "A" will increase 5.0% for the 2022-2023 school year.
3. **Increase/Decrease in Services:** District may increase or decrease services to be provided by Contractor under this Agreement. However, where such increases or decreases materially impact the service levels or equipment levels required of Contractor under the assumed routes, schedules, and vehicle requirements as set forth in this Agreement and in the corresponding RFP, Contractor shall be permitted to adjust rates at which services are provided to cover increase or decreases in cost structure associated with such changes by District.
4. **Amendment of the Contract:** The July 2017 Contract between the Board and the Contractor is amended as follows:

- a. Strike 4.3
 - b. 13.2 Use of any personal communication devices are not allowed while on routes. No texting, photography or phone communications are allowed.
 - c. 13.4.1 All drivers are required to adhere to all State of Illinois licensing requirements including a valid driver's license with the appropriate endorsements. Drivers servicing routes are not to be driving on permits.
 - d. 15.2 All buses shall be equipped with GPS devices (Zonar), to provide accurate tracking of buses on routes.
 - e. 16.2 At no time is it allowed for drivers to eject students from a bus. In the event of a situation, the bus will stop and contact dispatch for further instructions.
5. **Notice to Parties:** All notices to be given by the parties to this Agreement shall be in writing and serviced by depositing same in the United States Mail, certified mail.

Notices to DISTRICT shall be addressed to:

Amy McPartlin, Assistant Superintendent
Prospect Heights School District 23
700 North Schoenbeck Road
Prospect Heights, IL 60070

Notices to CONTRACTOR shall be addressed to:

First Student, Inc.
Attn: Leslie Norgren
1717 Park Street
Suite 225
Naperville, IL 60563

With a copy to:

General Counsel
First Student, Inc.
600 Vine Street
Suite 1400
Cincinnati, OH 45202

Except as amended herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement has been signed and executed in duplicate on behalf of the parties hereto by persons duly authorized on the day and year first written above.

PROSPECT HEIGHTS SCHOOL DISTRICT 23

FIRST STUDENT, INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTEST:

ATTEST:

By: _____

By: _____

EXHIBIT A
Prospect Heights School District 23
2022-2023 Pupil Transportation Services

<u>Rates</u>	<u>2021-2022</u>	<u>2022-2023</u>
Regular Routes AM/PM	\$197.42	\$207.29
Preschool Vans AM or PM	\$128.34	\$134.76
Wheelchair Bus AM/PM	\$256.67	\$269.50
Kindergarten Double Route	\$113.08	\$118.73
Preschool Vans Noon Route	\$113.08	\$118.73
Wheelchair Bus Mid-Day	\$113.08	\$118.73
Summer School	\$310.04	\$325.54
Athletic and Field Trips		
First 2 ½ Hours	\$171.75	\$180.34
Every Hour Thereafter	\$42.30	\$44.42



NASPO ValuePoint

PARTICIPATING ADDENDUM

WIRELESS, DATA, VOICE AND ACCESSORIES

Led by the state of Utah

Master Agreement #: MA176

Contractor: **T-MOBILE USA, INC.**

Participating Entity:

1. Scope: This Participating Addendum ("PA") covers the NASPO ValuePoint Wireless, Data, Voice and Accessories Master Agreement No. MA176 led by the State of Utah, as amended ("Master Agreement") for use by state agencies and other entities, as provided in the Master Agreement, and as more specifically detailed in Paragraph 2, "Participation," below. There were four categories included in the solicitation:

Category 1: Cellular Wireless Services

Category 2: Equipment and Accessories

Category 3: Turnkey Wireless and IoT Solutions offered as a Product

Category 4: Alternative Wireless Transport Options

Contractor was awarded Categories 1, 2, 3A, and 3C.

Participating Entity has elected to participate in **Categories 1, 2, 3A and 3C** (unless indicated otherwise)

Unless otherwise agreed to by the parties herein, this PA shall be coterminous with the Master Agreement including any renewals or extensions to the Master Agreement.

2. Participation: This PA may be used by all state agencies, institutions of higher education, political subdivisions and other entities who are authorized by the State Chief Procurement Official or otherwise eligible to place orders against this PA (collectively "Purchasing Entities"). It will be the responsibility of the Purchasing Entity to comply with any legal or regulatory provisions applicable to the Purchasing Entity. A Purchasing Entity may issue individual releases (Purchase Orders) against this PA on an as-needed basis.

3. PARTICIPATING ENTITY MODIFICATIONS OR ADDITIONS ARE: NOT APPLICABLE.

4. Order of Precedence: Except as specifically provided otherwise herein, this PA consists of and precedence is established by the order of the following documents:

This PA; and

The Master Agreement (including the Master Agreement Order of Precedence established in the NASPO ValuePoint Master Terms and Conditions).

5. *[intentionally omitted]*



NASPO ValuePoint

PARTICIPATING ADDENDUM

WIRELESS, DATA, VOICE AND ACCESSORIES

Led by the state of Utah

6. Purchase Order Instructions: Any Purchase Order, Order or T-Mobile approved funding document used to order Products and Services shall be in accordance with and subject to the NASPO Master Agreement #MA176. As a pre-condition to ordering T-Mobile Services and Products under the NASPO Master Agreement, T-Mobile will require Participating Entity to provide a Purchase Order, Order or signed funding document.

7. Individual Customer:

Each state agency, political subdivision or other entity placing an order under this Participating Addendum ("Purchasing Entity"), will be treated as if it was an Individual Customer. Except to the extent modified in this Participating Addendum, each agency, political subdivision or other entity will be responsible for compliance with the terms and conditions of the Master Agreement; and they will have the same rights and responsibilities for their purchases as the Lead State has in the Master Agreement. Each agency, political subdivision or other entity will be responsible for its own charges, fees and liabilities. Each Purchasing Entity will have the same rights to any indemnity or to recover any costs allowed in the contract for its purchases; and Contractor will apply the charges to each Participating Entity individually. The Individual Customer agrees to the terms of the Participating Addendum, including the disclosure of limited account information as part of the contractual reporting requirements to NASPO ValuePoint and/or the Participating Entity for purposes of monitoring the contract and calculating the administrative fee.

8. Primary Contacts: The primary contact individuals for this Participating Addendum are as follows (or their named successors):

Contractor:

Name:	David Bezzant, Vice President, T-Mobile For Government
Address:	c/o T-Mobile USA, Inc., 12920 SE 38 th Street, Bellevue, WA 98006
Telephone:	(425) 383-4000
Fax:	
Email:	David.Bezzant@T-Mobile.com

For Legal Notice to Contractor – send a copy to:

Name:	Legal Department, T-Mobile USA, Inc.
Address:	c/o T-Mobile USA, Inc., 12920 SE 38 th Street, Bellevue, WA 98006



NASPO ValuePoint

PARTICIPATING ADDENDUM**WIRELESS, DATA, VOICE AND ACCESSORIES**

Led by the state of Utah

Participating Entity:

Name:	
Address:	
Telephone:	
Fax:	
Email:	

9. Software Terms and Conditions: Purchasing Entities that acquire software shall be subject to the license agreements distributed with such software; however, in the event of a conflict in language between an end user license agreement (EULA) and the Master Agreement, the language in the Master Agreement will supersede and control. In addition, any language in a EULA which violates a Purchasing Entity's constitution, statute or other applicable law will be deemed void, and of no force or effect, as applied to the Purchasing Entity.

10. Pursuant to Amendment No. 2 of Master Agreement No. MA176, upon execution of this PA, the parties agree that this PA will supersede and replace any existing Participating Addendum(s) executed by the Participating Entity under either: 1) the NASPO ValuePoint Master Agreement #1907 between the State of Nevada and Contractor; or 2) the NASPO ValuePoint Master Agreement #1907 between the State of Nevada and Sprint Solutions, Inc., ("Existing 1907 Participating Addendums") as of this PA Effective Date, subject to the terms herein. The Existing 1907 Participating Addendums will be terminated in their entirety as of this PA Effective Date.

11. Technology Evolution:

11.1 In the normal course of technology evolution and enhancement, T-Mobile continually updates and upgrades its Services, Products and networks. In some instances, these efforts will result in the need to ultimately replace or discontinue certain offerings or technologies. In such event, T-Mobile will undertake such efforts in a customer-focused and commercially reasonable manner. Accordingly and notwithstanding anything in the PA to the contrary, T-Mobile reserves the right, in its sole discretion, after providing the notice set forth in subsection 11.2 below, to (a) migrate Purchasing Entity to a mutually agreed upon replacement technology unless, within the notice period described in subsection 11.2 below, the Purchasing Entity opts to discontinue its Service, Product, network standard, or technology; or (b) discontinue any Service, Product, network standard, or technology without replacement without either party being in breach of the PA or incurring early termination liability relating to the discontinuance of the affected Service, Product, network standard, or technology.



NASPO ValuePoint

PARTICIPATING ADDENDUM**WIRELESS, DATA, VOICE AND ACCESSORIES**

Led by the state of Utah

11.2 If T-Mobile takes any action set forth in subsection 11.1 above, T-Mobile will provide no less than 60 days' advance notice reasonably designed to inform Purchasing Entity (if affected) of such pending action. The form of T-Mobile's notice may include providing written notice to any address (a) T-Mobile uses for billing the Purchasing Entity, (b) set forth in Purchasing Entity's Order, or, if (a) or (b) are unavailable, (c) listed in the PA for Participating Entity. Customer agrees that such notice is reasonable and sufficient notice of T-Mobile's pending action.

The parties have executed this Participating Addendum as of the date of final execution below ("PA Effective Date").

Participating Entity:	Contractor: T-Mobile USA, Inc.
Signature:	Signature:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:
	Reviewed and Acknowledged: _____ T-Mobile USA, Inc. CSCA Representative

[Additional signatures may be added if required by the Participating Entity]

For questions on the Participating Addendum or NASPO ValuePoint cooperative contracting process, please contact the NASPO ValuePoint Cooperative Contract Coordinator assigned to this Portfolio, as provided on this Portfolio's webpage at www.naspovaluepoint.org or the NASPO ValuePoint team at ccc@naspovaluepoint.org.

*****Attach Exhibit 1 if necessary – Participating Entity Modifications or Additions*****

**Contractor - email a fully executed PDF copy of this document
to: PA@naspovaluepoint.org**

**To support documentation of participation and posting
in appropriate databases**

T-Mobile Project 10Million Agreement (Program)

This T-Mobile Project 10Million Agreement (Program) ("**Agreement**"), which will be effective as of the date the second Party signs this Agreement below ("**Agreement Effective Date**"), is made by and between T-Mobile USA, Inc., a Delaware corporation ("**T-Mobile**" or "**Contractor**"), and Prospect Heights School District 23, a(n) Illinois school district, with its principal place of business at 700 N Schoenbeck Rd, Prospect Heights, IL 60070 ("**Customer**").

1. Underlying Agreement. Customer agrees to accept/purchase wireless mobile Services and/or Devices from T-Mobile, and T-Mobile agrees to provide the Services and Devices to Customer based on the prices listed below. The terms of Customer's acceptance/purchase and use of the Services will be governed by this Agreement and the NASPO ValuePoint Contract No. MA176 and applicable Participating Addendum ("**Master Agreement**").

(a) The terms and conditions of this Agreement or the Master Agreement will not be modified or superseded by any terms and conditions in a Customer-generated Purchase Order. Purchase Orders will have no force or effect other than to denote quantity, the products or services purchased, delivery destinations, requested delivery dates and any other information required by this Agreement.

2. Term; Termination. Unless terminated under the terms of this Section 2, the term of this Agreement will continue for as long as there is a line of Service that is active under this Agreement ("**Term**"). Subject to the termination rights below, each line of Service activated under this Agreement (regardless of rate plan selected) will have a service term of up to 60 months from date of activation of such line of Service ("**Base Service Period**"). During a line's Base Service Period, such line may be migrated from its then-current rate plan listed in Section 4 below to any other rate plan listed in Section 4 below (a "**Plan Migration**"). Plan Migrations will be implemented by T-Mobile by no later than the first day of the second billing month after the billing month during which the Plan Migration was ordered by Customer.

This Agreement and/or any active line of Service hereunder may be terminated: (i) for cause pursuant to the terms of this Agreement and/or the Master Agreement (and if this Agreement is terminated for cause by T-Mobile, then T-Mobile also may, at its option, terminate all or a portion of the then-existing lines of Service); or (ii) upon mutual written agreement by the parties (and in the event this Agreement is terminated upon mutual written agreement of the parties, T-Mobile also may, at its option, terminate all or a portion of the then-existing lines of Service, unless otherwise agreed in writing by the parties); or (iii) by Customer for convenience upon 30 days' prior written notice to T-Mobile (and in the event this Agreement is terminated by Customer for convenience, T-Mobile may, at its option, terminate all or a portion of the then-existing lines of Service, unless otherwise agreed in writing by the parties); or (iv) after August 31, 2025, by T-Mobile upon 30 days' prior written notice to Customer (and in the event this Agreement is terminated pursuant to this subclause, T-Mobile may, at its option, terminate all or a portion of the then-existing lines of Service, unless otherwise agreed in writing by the parties).

In the event the Master Agreement is terminated or expires and is not renewed prior to the expiration of the Term of this Agreement, T-Mobile may enter into a follow-on master agreement for the period after termination or expiration of the Master Agreement (a "**New Master Agreement**"), in which case the New Master Agreement will be substituted for the existing Master Agreement for the remainder of the Term, and the terms and conditions of the New Master Agreement shall supersede and replace the terms of the existing Master Agreement. In the event that the Master Agreement is terminated or expires and is not renewed prior to the expiration of the Term, and T-Mobile does not enter into a New Master Agreement, then Customer and T-Mobile will (i) mutually agree to amend this Agreement in order to transition it under another available master agreement to be substituted for the Master Agreement; or (ii) enter into a mutually agreeable alternative agreement to be substituted for the Master Agreement.

Notwithstanding anything to the contrary in this Agreement, following the expiration of a line's Base Service Period, T-Mobile will continue to provide the Services to Customer for such line under the pricing, discounts and other terms and conditions set forth in this Agreement, or, with 30 days' advance notice to Customer, at standard list pricing, until either party provides 30 days' advance written notice to terminate the Service for such line.

3. Eligibility and Related Rules. The following end-user eligibility and related requirements apply with respect to the Services and Devices provided under this Agreement:

- a. An eligible end-user recipient of the Devices and Services ("**Eligible Student**") must be a K-12 student: (i) enrolled in a school within Customer's school district (if Customer is a school district) or enrolled in the school (if Customer is a school); and (ii) participating in the National School Lunch Program at the time of such student's receipt of the Device and activation of Service, as evidenced by [a National School Lunch Program Letter or other official authorization documentation] (and T-Mobile may from time to time make commercially reasonable requests to Customer to have Customer confirm/verify to T-Mobile that each Eligible Student identified by Customer does or did in fact meet the eligibility requirements of an Eligible Student);
- b. Customer may allocate a maximum of one free hotspot Device (with associated line of Service) to a maximum of one Eligible Student per household (subject to the right to provide Supplemental Devices, as noted in Section 4 below); and
- c. (i) Each line of Service under this Agreement comes with a Device and can only be linked to such Device, unless otherwise requested by Customer in writing and agreed to in writing by T-Mobile in accordance with 3(c)(ii) below. Any Customer-provided devices must be compatible with T-Mobile's Service.
 - (ii) Pursuant to this Section 3 and in connection with the Line Limit in Section 5 below, Customer has specifically requested and T-Mobile approves that Customer will utilize 0 Customer-provided devices in lieu of receiving a free hotspot Device from T-Mobile. Customer certifies that such Customer-provided devices are compatible with T-Mobile's Service. T-Mobile agrees, as needed and requested, to provide up to one SIM/eSIM card for each such Customer-provided device.

4. Offer/Pricing.

Program Rate Plan	Service Commitment	Monthly Recurring Charge/Line	Features ¹	Device Cost (Hotspot) ³	Device Cost (Tablet or other Wi-Fi enabled device) ⁴
Project 10Million Core Plan	Month-to Month	\$0	Up to 100GB of high- speed data per year per line	\$0	[at T-Mobile Cost]
Project 10Million \$12 100GB per Month Plan²	Month-to-Month	\$12	Up to 100GB of high- speed data per month per line	\$0	[at T-Mobile Cost]
Project 10Million Month-to-Month Unlimited Plan²	Month-to-Month	\$15	Unlimited on device 4G LTE data	\$0	[at T-Mobile Cost]

¹ During congestion, customers may notice speeds lower than other customers due to data prioritization. Video typically streams at DVD quality (480p). Limited time offer; subject to change. Available lines are limited. Intended for student mobile connectivity. Must verify student National School Lunch Program eligibility. 1 offer per household. Confirm your program can accept free equipment and/or service. Roaming not available. Annual data service ends at earlier of 100GB or 365 days. Monthly data service ends at 100GB on \$12 plan. Roaming not available. **Video streams at**

up to 1.5Mbps. Optimization may affect speed of video downloads; does not apply to video uploads. For best performance, leave any video streaming applications at their default automatic resolution setting. **Coverage** not available in some areas. **Network Management:** Service may be **slowed, suspended, terminated, or restricted** for misuse, abnormal use, interference with our network or ability to provide quality service to other users, or significant roaming. During congestion the small fraction of customers using >50GB/mo. may notice reduced speeds until next monthly cycle due to data prioritization. See T-Mobile.com/OpenInternet for details. See **Terms and Conditions** www.T-Mobile.com for additional information.

² Monthly Regulatory Programs (RPF) & Telco Recovery Fee (TRF) totaling \$1.16 per data only line (\$0.15 for RPF & \$1.01 for TRF) apply to the \$12 and \$15 rate plans above.

³ This free hotspot offer is subject to inventory availability. Specific hotspot device type(s) provided to Customer is at T-Mobile's discretion.

⁴ For each free Hotspot provided in connection with Project 10Million, Customer is entitled to purchase up to a maximum of five tablets or other Wi-Fi enabled devices ("**Supplemental Devices**") at a price equal to T-Mobile's cost for the Supplemental Devices. Supplemental Devices must only be allocated to the household that was allocated the initial, free hotspot Device. This Supplemental Device offer is subject to inventory availability and specific type of Supplemental Devices offered are at T-Mobile's discretion. Please contact your Account Representative for more details.

* Prices do not include applicable taxes and surcharges, and do not include any applicable CALNET administrative fee of 2.5%, which will be paid by Customer (provided that prices for Project 10Million Core Plan and associated free hotspot devices do include applicable taxes and surcharges).

5. **Total Line Eligibility and Line Limits.** Customer is eligible for a combined total of 100 lines of Service using the plans in Section 4 above (with an accompanying free hotspot Device for each line of Service) pursuant to this Agreement (the "**Line Limit**"), based on a maximum of one free hotspot Device (with associated line of Service) to a maximum of one Eligible Student per household. Line Limits are based on the number of students eligible for the National School Lunch Program ("**Qualifying Headcount**"). Customer certifies and attests to T-Mobile that any information provided by Customer to T-Mobile regarding Qualifying Headcount is true and accurate. Notwithstanding anything in this Agreement to the contrary, T-Mobile reserves the right to establish Project 10Million Program participation limits at the Customer or overall Program level in its sole discretion.
6. **Device Warranties.** T-Mobile is not the manufacturer of Devices and does not provide direct product warranties. As a general matter, however, to the extent that Customer receives/purchases any Devices from T-Mobile, T-Mobile passes through any warranty provided by the Device manufacturer, which warranty is typically one (1) year from the date of receipt/purchase.
7. **Seed Stock/Replacement Devices.** In addition to the Line Limit, Customer also may request, subject to T-Mobile's approval, a limited surplus of Devices in connection with an order placed by Customer under this Agreement ("**Seed Stock**"). The Seed Stock amount, if approved, will not exceed a maximum of 1% of the total number of free hotspot Devices ordered pursuant to this Agreement. Seed Stock will be provided to Customer on an as-needed basis and is to be used solely for the replacement of any Devices that are lost, stolen, damaged, or defective.
8. **Additional Requirements.**
 - a. **Ordering; Activation.** All lines of Service (and accompanying free hotspot Devices) within Customer's Line Limit (i.e., the entire Line Limit) must be ordered by Customer in no event later than 30 days after the Agreement Effective Date), and in accordance with the terms of the Master Agreement. Customer's failure to order its total Line Limit within this 30-day period may, in T-Mobile's sole discretion, result in termination of the unordered portion of the Line Limit.
 - b. **Customer Certifications; Student ID Numbers.** Customer, and not T-Mobile, is solely responsible for identifying and verifying Eligible Students. Customer certifies and attests to T-Mobile that: (i) Customer will

allocate Devices and Services only to Eligible Students that have been verified with reasonable certainty by Customer as being eligible under the Project 10Million program (i.e., each end-user recipient of a Device/Service meets the eligibility requirements in Section 3 above); and (ii) Customer has not, and will not, allocate more than one line of Service and one associated free hotspot Device per Eligible Student household (subject to right to purchase and distribute Supplemental Devices). For each line of Service/free hotspot Device, Customer will provide T-Mobile a Student ID # ("**Student ID Number**") associated with such line of Service/Device.

- c. **No Duplication of Devices/Services.** A student may not participate in Project 10Million through both the T-Mobile retail/consumer/Individual-Liable channel and pursuant to this Agreement. Customer will cooperate in a commercially reasonable manner and in good faith with T-Mobile, to help ensure that: (i) Customer will not identify or permit as an Eligible Student any student that is already participating in Project 10Million through T-Mobile's retail/consumer/Individual Liable channel; and (ii) Customer provides T-Mobile with timely Student ID Number information to assist T-Mobile in enforcing the prohibition that no Eligible Student participating in Project 10Million through this Agreement is permitted to participate in Project 10Million via T-Mobile's retail/consumer/Individual Liable channel.
- d. **E-Rate and Related Compliance.** Customer, and not T-Mobile, is responsible for ensuring Customer's compliance with FCC, USAC or Other Funding Source rules and regulations, Customer's applications for support, or any decisions or actions by the FCC, USAC or Other Funding Sources with respect to Customer.
- e. **Device and Account Ownership; Customer Device Management Policy.** Customer acknowledges and agrees that Customer, and not any Eligible Student, is the sole owner of the Devices. Customer is and will remain the account holder for any account(s) associated with the Devices. As such, Customer acknowledges and agrees that neither Eligible Students nor any other third parties are entitled to any information about the account including, but not limited to usage information. In addition, as between Customer and T-Mobile, Customer is solely responsible for maintaining and implementing its own device management policy governing use of the Services and Devices by its Eligible Students (in all cases subject to the terms and conditions of this Agreement) (a "**DMP**"). Customer's DMP may address, among other things, an Eligible Student's obligation, if any, to return a Device to Customer if certain conditions established by Customer are triggered (e.g., an Eligible Student no longer is a student in Customer's school district or school, and therefore must return his or her Device to Customer for reallocation to another Eligible Student to use for the remainder of the Base Service Period associated with the returned Device; or an Eligible Student must return his or her Device in the event Customer terminates this Agreement and the Eligible Student's line of Service also has been terminated as a result). Customer's DMP will, in any event, contain an acknowledgement and agreement from Eligible Students that (i) Eligible Students do not and will not have any contractual or account relationship with T-Mobile pursuant to this Agreement, and (ii) Eligible Students are not third-party beneficiaries of this Agreement and will not have any legal or equitable right, remedy or claim under or with respect to this Agreement.
- f. **Migration to Other Rate Plans/Terms Concurrent.** In the event one or more lines of Service under this Agreement are migrated to an alternative rate plan ("**ARP**") outside of this Agreement/Project 10 Million prior to the end of such line(s)' Base Service Period ("**ARP Migrated Line(s)**"), and subsequently such ARP Migrated Lines are migrated back to a plan(s) under this Agreement, then such line(s) of Service are eligible only for the remaining 60-months left on their original Base Service Period, which shall have continued to run concurrently with the period of time spent on the ARP. For illustration purposes only, if a Project 10Million line of Service migrates to an ARP after 2-years, is on the ARP for 2-years and then migrates back to a Project 10M rate plan, then there will be a remainder of 1-year on the Base Service Period.
- g. **Compliance with Applicable Law.** Customer certifies and attests to T-Mobile that Customer is and will be authorized to accept and/or purchase the Services and Devices in accordance with applicable federal, state, and local laws, rules, and regulations (including, without limitation, all applicable ethics and procurement laws, rules, and regulations).
- h. **Third-Party Content.** T-Mobile is not responsible for any third-party content.

- i. **Privacy.** If Customer allows end users under the age of 13 to use the Services, Customer and T-Mobile agree to the terms and representations contained in the “COPPA Notice Addendum” attached as Exhibit A to this Agreement. Customer, and not T-Mobile, will be fully responsible for any claims relating to Customer’s failure to: (i) properly notify Eligible Students about any data collection and/or monitoring of use of the Services and Devices; or (ii) collect any necessary consent relating to an Eligible Student’s use of the Services and Devices.
- j. **Resale.** Customer acknowledges and agrees that this is an agreement for use only by Customer and Eligible Students as set forth in this Agreement. Neither Customer nor Eligible Students may resell or lease Services and/or Devices.
- k. **No Third-Party Beneficiaries.** Nothing expressed or referenced to in this Agreement will be construed to give any person or entity (including, without limitation, Eligible Students) other than Customer and T-Mobile (or their permitted successors and assigns) any legal or equitable right, remedy or claim under or with respect to this Agreement.

9. Prepayment. Customer may, at its option, prepay in whole or in part Customer’s total fee commitment for Services and Devices for the Renewal Term. With respect to any such prepayment (or any other related payment), Customer is solely responsible for ensuring Customer’s compliance with all applicable Federal, State and Local funding source and procurement laws, rules and regulations (including, without limitation, laws, rules and regulations under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and Customer represents and warrants compliance with the same.

10. Emergency Connectivity Fund; SPI Invoicing. If Customer is participating in the Emergency Connectivity Fund (ECF) program in connection with this Agreement, Customer is solely responsible for ensuring Customer’s compliance with all applicable ECF program-related laws, rules, regulations and terms and conditions of participation. Additionally, if Customer has requested that T-Mobile invoice the federal government for reimbursement of the discountable amounts of the ECF equipment and services (i.e., the SPI invoicing method), Customer has read and agrees to the terms and conditions of the Emergency Connectivity Fund Service Provider Invoice (SPI) Affirmation attached as Exhibit B.

11. Primary Contacts: The primary contact individuals for this Agreement are as follows (or their named successors):

T-Mobile/Contractor

Name:	David Bezzant, Vice President, T-Mobile For Government
Address:	c/o T-Mobile USA, Inc., 12920 SE 38 th Street, Bellevue, WA 98006
Telephone:	(425) 383-4000
Email:	David.Bezzant@T-Mobile.com

For Legal Notice – send a copy to:

Name:	Legal Department – Sales & Distribution, T-Mobile USA, Inc.
Address:	12920 SE 38 th Street, Bellevue, WA 98006

Customer:

Customer Name/Contact:	Prospect Heights School District 23 / Maria Stavropoulos, Teaching, Learning and Technology Coordinator
Address:	700 N Schoenbeck Rd, Prospect Heights, IL 60070
Telephone:	(847) 870-5556
Email:	mstavropoulos@d23.org

This Agreement is executed by each Party's authorized representative as of the date of the Agreement Effective Date.

Customer: Prospect Heights School District 23	Contractor: T-Mobile USA, Inc.
Signature:	Signature:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:
	Reviewed and Approved by: _____ T-Mobile USA, Inc. CSCA Representative

In Process

EXHIBIT A

COPPA Notice Addendum

T-Mobile is providing Customer with direct notice of its data collection, use and disclosure practices set forth below that relate to the Service(s). Customer has read this notice, consents on behalf of parents and guardians of children under 13 to the collection, use and disclosure practices described below, and authorizes T-Mobile to engage in such practices.

Direct Notice of T-Mobile's Data Collection, Use, and Disclosure Practices

We need your consent to collect personal information from your child(ren) in connection with the Project 10Million service. We will not collect, use, or disclose any personal information from children under 13 if you do not provide such consent. This privacy notice describes the personal information we collect and how we use it. The Federal Trade Commission has stated that a district or school may consent to such data collection, use, and disclosure on behalf of the parent or guardian to the extent such data collection, use, and disclosure is to provide services solely for the benefit of the school.

In addition to collecting student identification numbers for onboarding and verification purposes, T-Mobile intends to collect the following personal information from your child(ren):

- Data Usage: T-Mobile tracks quantity of broadband internet data usage to have that usage total counted against the 100 GB per year of free broadband internet access. As part of delivering this service, T-Mobile also receives the IP address associated with the websites visited.
- Unique identifiers: T-Mobile collects a device and network identifier to authenticate the device on our network and provide the service.
- Bandwidth data: T-Mobile may share device-level bandwidth data with the educational institution at the educational institution's specific request, to allow the educational institution to stay informed on devices that exceed applicable data usage/streaming limits.

T-Mobile uses this personal information only to provide internet connectivity and perform internal analytics. T-Mobile may disclose this personal information to its service providers for assistance in delivering the service, and they must treat this information as confidential and use it only for the purposes for which T-Mobile engaged them. T-Mobile will not disclose information that may be associated with your child to any other entities.

Please be advised that T-Mobile provides connectivity to the general internet through the Project 10Million service. That connectivity allows children to access websites that may involve data collection by third parties. T-Mobile is not responsible for the data collection activities of these third parties and you should carefully monitor your child's use of the service.

For more information, please visit our Project 10Million Privacy Notice in "Our Privacy Policies" at <https://www.t-mobile.com/privacy-center/our-practices>.

EXHIBIT B
Emergency Connectivity Fund
Service Provider Invoice (SPI) Affirmation

T-Mobile U.S. Inc. (NASDAQ: TMUS) America's supercharged Un-carrier, is participating in the Emergency Connectivity Fund (ECF), a \$7.17 billion, federally funded, program that will help schools and libraries close the Homework Gap by providing funding for the reasonable costs of laptop and tablet computers; Wi-Fi hotspots; modems; routers; and broadband connectivity purchases for off-campus use by students, school staff, and library patrons in need during the COVID-19 pandemic.

ECF allows for participating schools and libraries to seek reimbursements for eligible service and equipment either directly from the government (BEAR invoicing method) or by requesting that the service provider invoice the government (SPI invoicing method). T-Mobile is participating in the SPI invoicing method for this program.

If requested to do so by the school or library, T-Mobile is willing to invoice the federal government rather than the school or library for payment. You must specify at the application stage which invoicing method you would like to use. If your school or library would like to use the SPI invoicing method, you must also submit evidence of T-Mobile's willingness, and may use this statement as an affirmation that T-Mobile is participating in SPI when completing your Form 471. We affirm our willingness to participate in the SPI invoicing method subject to the following:

Prior to the start of service and receipt of equipment, if any, Customers who select the SPI invoicing method will enter into and execute an applicable T-Mobile services contract for the provision of ECF broadband connectivity services. T-Mobile will file the SPI Form to request reimbursement for the discountable amounts of the ECF eligible equipment and services. Customer is responsible for all charges related to any ineligible equipment and services or services obtained but not contained in the description of the service commitment request or decision. Until the Universal Service Administrative Co. (USAC) has issued a funding commitment, Customer agrees to pay the balance in full as billed by T-Mobile. Customer must elect SPI to be billed only the non-discounted portion. Customer account credits applied may be estimates subject to true-up in a later billing period. Customer is responsible for all charges incurred until and unless ECF funding is approved and disbursed by USAC, at which time Customer will remain responsible for all ineligible services, feature charges, and any other ECF program amounts unfunded, including equipment. Also, Customers who chose the SPI invoicing method should be aware that if ECF funding ends before the term of their services contract, they will be subject to the agreed rate of service for the remainder of the contract, net of any subsidy.

For more information about ECF, please refer to the [FCC ECF](#) or [USAC ECF](#) websites.

T-Mobile SPIN #:143026181

T-Mobile FRN #: 0004121760

T-Mobile DUNS #: 06-852-8376

T-Mobile Tax ID: 91-1983600



**PROSPECT HEIGHTS DISTRICT 23
BOARD OF EDUCATION
ACTION ITEM**

Date: November 10, 2021
Title: Approval of 2021 Tentative Tax Levy and Scheduling of Hearing
Contact: Amy McPartlin, Assistant Superintendent for Finance & Operations

Background

The Board of Education annually approves a property tax levy that is limited by the following items: Voter approved maximum tax rates, Illinois School Code maximum tax rates, Cook County Property Tax Cap; prior year equalized assessed valuation computation, growth in new property, and the property assessment cap.

District 23 must file the adopted property tax levy with the Cook County Clerk's Office no later than the last Tuesday in December each year. This evening, the Administration is seeking approval of the Resolution for the 2021 Tentative Tax Levy and establishment of the December 8th Board meeting as the date and time for the public hearing on the 2021 Tax Levy, at which time the Board will adopt the 2021 Tax Levy.

Administrative Consideration

Administration has prepared the 2021 Tentative Tax Levy based upon information known to date and estimates, such as new property added to tax rolls, percentage increase to existing property, and the State equalization factor for Cook County. This serves as the preliminary estimate of the 2021 Property Tax Levy as required by Illinois State Statute.

The Truth in Taxation Act requires the Board of Education to determine a proposed levy amount at least twenty days prior to final adoption of the property tax levy. If the proposed aggregate levy, which excludes the Debt Service levy, exceeds 105% of the prior year aggregate extension, then a public hearing must be held prior to levy adoption.

The District has historically exercised the option to ask for the maximum amount of funds permissible with the intent of maximizing the funds that are available under the tax cap. While the currently proposed levy is just under 5% of the prior year, at 4.99%, the Truth in Taxation public hearing is not required but will be held for taxpayer transparency purposes.

The tax levy sets forth the maximum dollar amount that can be received from property taxation in a given year. The tax levy is subject to the limitations of the Property Tax Limitation Law (PTELL), otherwise known as the tax cap, and restricts the growth in

property tax revenue to the lesser of 5% or the annual change in the U.S. Consumer Price Index for the previous calendar year, excluding new property. The 2020 Consumer Price Index rate of 1.4% has been applied.

The annual levy is filed by fund, but limited in aggregate by the Property Tax Extension Limitation Legislation and excludes the Debt Service Fund. The District's goal is to levy the maximum amount allowable under the specifications of PTELL in order to generate revenues sufficient to meet increasing operating costs. Approved bond and interest levies, along with the value of new property, are exempt from the tax cap.

Last year, in an effort to shift revenues toward the Education Fund, the following adjustments were made:

- Reduction to the extension to the Working Cash Fund
- Reduction to the extension to the Transportation Fund
- Reduction to the extension to the Tort Fund

Moving into the 2021 tax year, we will continue with the shift to the Ed Fund and also continue with a reduced extension to both Tort and Working Cash. We will need to elevate the extension to Transportation, based on the increased rate of services in the fully in-person mode of education this year.

Additionally, the outstanding bonds paid from the Debt Service Extension Base have levies attached to them that do not reflect the full increase available under PTELL. The bond payments do however increase annually. In order to capture PTELL increases in the DSEB, the District needs to approve a supplemental debt service levy in the amount of approximately \$4,900. Chapman and Cutler have provided this to be approved and submitted with our 2021 levy.

Administrative Recommendation:

The Administration recommends the approval of the 2021 Tentative Tax Levy and the Supplemental Tax Levy for Debt Services, and the establishment of the date and time of the public hearing on the 2021 Tax Levy for December 8, 2021 at the regular meeting of the Board of Education.

MINUTES of a regular public meeting of the Board of Education of School District Number 23, Cook County, Illinois, held at the MacArthur Middle School, 710 N. Schoenbeck Rd., Prospect Heights, Illinois, in said School District at 7:00 o'clock P.M., on the 8th day of December, 2021.

* * *

The President called the meeting to order and directed the Secretary to call the roll.

Upon the roll being called, Carol Botwinski, the President, and the following members were physically present at said location: _____

The following members attended the meeting by video or audio conference: _____

No member was not permitted to attend the meeting by video or audio conference.

The following members were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

The President announced that in view of the current financial condition of the District, the Board of Education would consider the adoption of a resolution authorizing a supplemental tax levy to pay the principal of and interest on outstanding limited bonds of the District.

Whereupon Member _____ presented and the Secretary read by title a resolution as follows, a copy of which was provided to each member of the Board of Education prior to said meeting and to everyone in attendance at said meeting who requested a copy:

RESOLUTION authorizing a supplemental tax levy to pay the principal of and interest on outstanding limited bonds of School District Number 23, Cook County, Illinois.

* * *

WHEREAS, School District Number 23, Cook County, Illinois (the “*District*”), is a duly organized School District operating under the provisions of the School Code of the State of Illinois, and all laws amendatory thereof and supplementary thereto (the “*School Code*”); and

WHEREAS, the District has heretofore issued and has outstanding its Taxable General Obligation Limited Tax Refunding School Bonds, Series 2019B, dated February 13, 2019 (the “*Bonds*”); and

WHEREAS, the Bonds were issued as limited bonds pursuant to and in accordance with the provisions of Section 15.01 of the Local Government Debt Reform Act of the State of Illinois, as amended (the “*Debt Reform Act*”); and

WHEREAS, pursuant to resolutions adopted by the Board of Education of the District (the “*Board*”) on the 14th day of November, 2018, and the 9th day of December, 2020 (collectively, the “*Bond Resolution*”), and in accordance with the provisions of the School Code and the Debt Reform Act, the District has heretofore levied taxes upon all of the taxable property within the District to pay the principal of and interest on the Bonds as set forth in Column (B) of the schedule attached hereto as *Exhibit A*; and

WHEREAS, the Bond Resolution has been filed with the County Clerk of the County of Cook, Illinois (the “*County Clerk*”); and

WHEREAS, pursuant to the Bond Resolution, the District directed the County Clerk to extend the taxes levied in the Bond Resolution to pay principal of and interest on the Bonds in accordance with the terms of the Bond Resolution; and

WHEREAS, although the obligation of the District to pay the Bonds is a general obligation under the School Code and all taxable property in the District is subject to the levy of taxes to pay

the Bonds without limitation as to rate, the amount of said taxes that will be extended to pay the Bonds is limited by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*Tax Extension Limitation Law*”); and

WHEREAS, pursuant to and in accordance with the provisions of the Debt Reform Act, the Bonds are payable from the debt service extension base of the District (the “*Base*”), which is an amount equal to that portion of the extension of the District for the 1994 levy year constituting an extension for payment of principal of and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year, commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Tax Extension Limitation Law) during the 12-month calendar year preceding the levy year; and

WHEREAS, the Base for levy year 2021 is equal to \$1,255,291.66 (the “*2021 Base*”); and

WHEREAS, the principal of and interest due on the Bonds exceeds the taxes levied in the Bond Resolution in certain levy years; and

WHEREAS, in accordance with the School Code, the Debt Reform Act and the Tax Extension Limitation Law, the District has the authority to adopt a supplemental levy causing the amount of taxes levied to pay the principal of and interest on the Bonds to be increased up to the amount of the 2021 Base or the amount of the principal of and interest due on the Bonds and the District’s other outstanding non-referendum bonds payable from the taxes levied for each such levy year, whichever is less; and

WHEREAS, the Board has heretofore determined and does hereby determine that it is necessary and in the best interests of the District that the District adopt supplemental tax levies to pay the principal of and interest on the Bonds as further described herein:

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Board of Education of School District Number 23, Cook County, Illinois, as follows:

Section 1. The preambles to this Resolution are hereby found and determined to be true, correct and complete and are hereby incorporated into this Resolution by this reference.

Section 2. The District does hereby levy for each of the years 2021 to 2025, inclusive, the supplemental amounts set forth in Column (B) of *Exhibit A*, which levy shall be extended against all of the taxable property in the District for the purpose of paying the principal of and interest on the Bonds. The taxes herein levied shall be in addition to and in excess of the taxes levied in the Bond Resolution. A schedule showing the aggregate of the taxes levied in the Bond Resolution and the taxes levied in this Resolution is set forth in Column (C) of *Exhibit A*.

Section 3. Forthwith upon the passage of this Resolution, the Secretary of the Board is hereby directed to file a certified copy of this Resolution with the County Clerk, and it shall be the duty of the County Clerk to annually in and for each of the years 2021 to 2025, inclusive, ascertain the rate necessary to produce the tax as set forth in Column (C) of *Exhibit A*, and extend the same for collection on the tax books against all of the taxable property within the District in connection with other taxes levied in each of said years for school purposes, in order to raise the respective amount aforesaid and in each of said years such annual tax shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general school purposes of the District. When collected, the taxes hereby levied for the Bonds shall be placed to the credit of the special fund heretofore created and designated as the "School Bond and Interest Fund of 2019", which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds. A certified copy of this Resolution shall also be filed with the School Treasurer who receives the taxes of the District.

Section 4. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 5. All resolutions or parts thereof in conflict herewith be and the same are hereby repealed and that this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted December 8, 2021.

President, Board of Education

Secretary, Board of Education

Member _____ moved and Member _____
seconded the motion that said resolution as presented and read by title be adopted.

After a full and complete discussion thereof, the President directed the Secretary to call the roll for a vote upon the motion to adopt said resolution.

Upon the roll being called, the following members voted AYE: _____

The following members voted NAY: _____

Whereupon the President declared the motion carried and said resolution adopted, and in open meeting approved and signed said resolution and directed the Secretary to record the same in full in the records of the Board of Education of School District Number 23, Cook County, Illinois, which was done.

Other business not pertinent to the adoption of said resolution was duly transacted at said meeting.

Upon motion duly made, seconded and carried, the meeting was adjourned.

Secretary, Board of Education

EXHIBIT A

SUPPLEMENTAL AND TOTAL TAXES LEVIED AND TO BE EXTENDED FOR THE BONDS

YEAR OF LEVY	(A) TAXES LEVIED IN 2019 AND 2020	(B) 2021 SUPPLEMENTAL TAX LEVY	(C) TOTAL TAXES TO BE EXTENDED TO PRODUCE
2021	\$ 41,160.22	\$4,848.78	\$ 46,009.00
2022	46,009.00	0.00	46,009.00
2023	46,009.00	0.00	46,009.00
2024	851,009.00	0.00	851,009.00
2025	528,156.00	0.00	528,156.00

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION OF MINUTES AND RESOLUTION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Board of Education of School District Number 23, Cook County, Illinois (the “Board”), and that as such official I am the keeper of the records and files of the Board.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the meeting of the Board held on the 8th day of December, 2021, insofar as same relates to the adoption of a resolution entitled:

RESOLUTION authorizing a supplemental tax levy to pay the principal of and interest on outstanding limited bonds of School District Number 23, Cook County, Illinois.

a true, correct and complete copy of which said resolution as adopted at said meeting appears in the foregoing transcript of the minutes of said meeting.

I do further certify that the deliberations of the Board on the adoption of said resolution were conducted openly, that the vote on the adoption of said resolution was taken openly, that said meeting was held at a specified time and place convenient to the public, that notice of said meeting was duly given to all of the news media requesting such notice, that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Board at least 48 hours in advance of the holding of said meeting, that at least one copy of said agenda was continuously available for public review during the entire 48-hour period preceding said meeting, that said meeting was called and held in strict compliance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the School Code of the State of Illinois, as amended, and that the Board has complied with all of the provisions of said Act and said Code and with all of the procedural rules of the Board in the conduct of said meeting and in the adoption of said resolution.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 8th day of December, 2021.

Secretary, Board of Education

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Cook, Illinois, and as such official I do further certify that on the ____ day of _____, 20__, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION authorizing a supplemental tax levy to pay the principal of and interest on outstanding limited bonds of School District Number 23, Cook County, Illinois.

duly adopted by the Board of Education of School District Number 23, Cook County, Illinois, on the 8th day of December, 2021, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of said County, this ____ day of _____, 20__.

County Clerk

[SEAL]

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting School Treasurer who receives the taxes of School District Number 23, Cook County, Illinois (the “*District*”), and as such official I do further certify that on the 8th day of December, 2021, there was filed in my office a duly certified copy of a resolution entitled:

RESOLUTION authorizing a supplemental tax levy to pay the principal of and interest on outstanding limited bonds of School District Number 23, Cook County, Illinois.

duly adopted by the Board of Education of the District on the 8th day of December, 2021, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF, I hereunto affix my official signature, this 8th day of December, 2021.

School Treasurer

Important Disclaimer

This Levy Calculation Form is a worksheet that allows the District to calculate and analyze the available levy and extension amounts and is prepared for informational purposes only. Reasonable efforts and generally accepted methods of calculation have been incorporated into the spreadsheets. However, Forecast5 Analytics, Inc. takes no responsibility for the accuracy of the output and it is highly recommended that users verify calculations independently. The data input, projections, and assumptions provided in this form are based on the information provided by the District. F5A will not verify the accuracy of the data provided by the District and is not responsible for any inaccuracies or incompleteness that appears in the data provided in this form.

Furthermore, the Levy Calculation Form includes a copy of the Illinois State Board of Education Certificate of Tax Levy which is approved for use in 2006. F5A believes this Levy Calculation Form to be current, but the District should verify that with the Illinois State Board of Education.

Please read the "Disclaimer" worksheet. Use of this workbook represents acceptance of the terms of the Disclaimer.

F5A Levy Worksheet

Instructions

Please note that you need to start on the INPUT worksheet and then go to the CALCULATIONS worksheet and then finally print the Certificate of Tax Levy and the Explanation page at the end.

INPUT worksheet

Start on this worksheet. Enter the information requested in the green boxes. The majority of the information can be found on your most recent tax extension from your county clerk(s). You will need to estimate your current EAV and new construction value (if you are tax capped). Make sure the totals at the bottom of the INPUT worksheet equal your most recent tax extension.

CALCULATIONS worksheet

You only have access to enter information in the green boxes. Use the Levy Amount \$ and/or Levy Increase % Input columns to adjust your levy, if needed. Typically, you would enter a number that is larger than the estimated extension column to make sure you capture all available funds. Any number entered in either of these columns will override and/or increase the estimated extension column.

Non-tax capped districts must enter a levy value for the Municipal Retirement, Social Security, and Tort funds in the Levy Amount \$ column.

Enter a dollar amount to be levied for SEDOL (Lake County only) and Bond & Interest in the appropriate box.

The Levy Amount column on the far right is what will carry over to the Certificate of Tax Levy worksheet.

If Capped, review the box labeled Levy Amount Below/Above Estimated Extension. This is your "cushion". This number should not be negative. If Non-Capped, all levy amounts should exceed estimated maximum extension.

Use the percentages at the bottom right for your truth in taxation notice, if applicable.

Certificate of Tax Levy worksheet

Print this page. All data on this worksheet comes from the INPUT or CALCULATIONS worksheets.

LEVY INPUT PAGE - ASSUMPTIONS

Legend

District Assumptions & Data Entry
Calculated Values
Review Needed

Tax Levy Year

District Name *Enter District Name*

District Number *Enter District Number*

Aggregate or County 1 *Enter County 1 Name or Enter "Aggregate" to enter Aggregate Extension Below*

County 2 *Enter County 2 Name to Itemize County Extension Below*

County 3 *Enter County 3 Name to Itemize County Extension Below*

County 4 *Enter County 4 Name to Itemize County Extension Below*

Fill out County names as needed - leave other boxes blank

PTELL - Tax Capped *Choose Yes or No*

Cook County Prior Year EAV Limit *Choose Yes or No*

Critical Assumptions - Formulas in this workbook are dependent on assumptions entered for PTELL & Cook County questions

Original Tax Levy Certificate

Amended Tax Levy Certificate

Enter "x" in one box only

Consumer Price Index *CPI for Year Ending 2020, Applies to the 2021 Levy*

Actual Total EAV for 2020 *Enter Actual Rate Setting EAV for 2020*

Estimated Existing EAV % Change for 2021 *Enter Reassessment Percentage Before New Property*

Estimated New Property for 2021 *Enter Estimated New Property*

Estimated Total EAV for 2021 *Includes New Property*

Total % Change From Prior Year *Includes New Property*

No. of Tax Levied Bond Issues Outstanding *Flow-through to Certificate of Tax Levy, Verify Records with County Clerk(s)*

	Input Statutory Maximum Tax Rate	Total 2020 Extension for all Counties	Input 2020 Cook County Extension
Educational		\$15,374,476.00	15,374,476.00
Operations & Maintenance	0.55	\$1,835,357.00	1,835,357.00
Transportation		\$1,030,000.00	1,030,000.00
Working Cash	0.05	\$200,000.00	200,000.00
Municipal Retirement		\$427,450.00	427,450.00
Social Security		\$427,450.00	427,450.00
Fire Prevention & Safety *		\$0.00	
Tort Immunity		\$103,000.00	103,000.00
Special Education		\$0.00	
Leasing		\$0.00	
Custom Fund Name		\$0.00	

Total Capped Extension for 2020

SEDOL IMRF (Lake County Only)

Bond and Interest Extension for 2020

Total 2020 Extension *Include Abatements for Truth in Taxation (35 ILCS 200/18-70)
This Includes Abatements for the Property Tax Relief Grant*

* Includes Fire Prevention, Safety, Energy Conservation, Disabled Accessibility, School Security, and Specified Repair Purposes.

2021 LEVY CALCULATION PAGE

Limiting Rate: (Prior Year Extension x (1+Lesser of 5% or CPI))
 (Total EAV - New Property)

Limiting Rate 3.1815
 Estimated Capped Extension \$19,828,374.11

Original Assumptions
 Consumer Price Index 1.40%
 Actual Total EAV for 2020 \$606,125,712

Legend
 District Assumptions & Data Entry
 Calculated Values
 Review Needed

Estimated Existing EAV % change for 2021 2.00%
 Estimated Existing EAV Value for 2021 \$618,248,226
 Estimated New Property for 2021 \$5,000,000
 Estimated Total EAV for 2021 \$623,248,226
 Estimated Total EAV % change for 2021 2.82%

Includes New Property
Includes New Property

	Prior Year Extension	Statutory Maximum Tax Rate	Individual Fund Estimated Maximum Extension using Prior Year EAV	Weighted Extension Based on Prior Year Extension	Levy Amount \$	Levy Increase %	Final Levy Amount
Educational	\$15,374,476.00			\$15,715,798.43	\$16,205,000.00		\$16,205,000.00
Operations & Maintenance	\$1,835,357.00	0.555	\$3,361,191.42	\$1,876,103.01	\$1,875,000.00		\$1,875,000.00
Transportation	\$1,030,000.00			\$1,052,866.61	\$1,110,000.00		\$1,110,000.00
Working Cash	\$200,000.00	0.05	\$305,562.86	\$204,440.12	\$200,000.00		\$200,000.00
Municipal Retirement	\$427,450.00			\$436,939.64	\$450,000.00		\$450,000.00
Social Security	\$427,450.00			\$436,939.64	\$450,000.00		\$450,000.00
Fire Prevention & Safety *	\$0.00	0.00	\$0.00	\$0.00			\$0.00
Tort Immunity	\$103,000.00			\$105,286.66	\$75,000.00		\$75,000.00
Special Education	\$0.00	0.00	\$0.00	\$0.00			\$0.00
Leasing	\$0.00	0.00	\$0.00	\$0.00			\$0.00
	\$0.00	0.00	\$0.00	\$0.00			\$0.00

Capped Extension \$19,997,733.00

\$19,828,374.11

Levy Amount Above Estimated Extension

Capped Levy \$20,365,000.00 4.99% NO
\$536,625.89

SEDOL IMRR Extension \$0.00

Estimated SEDOL IMRR Levy \$0.00
(Take County Only; Included in Truth in Taxation Calculations)

SEDOL IMRR Levy \$0.00

Bond & Interest Extension \$1,296,964.00

Estimated Bond and Interest Levy \$1,254,209.00
(County Clerk Levies Bond & Interest for the District, Per/J Records with County Clerk)

Bond & Int. Levy \$1,254,209.00

Total Extension \$20,694,697.00

Total Levy \$21,619,209.00

4.47%

Truth in Taxation

2021 TAX EXTENSION WORKSHEET

Original Assumptions	
Estimated % Change to Existing EAV for 2021	2.00%
Estimated New Property for 2021	\$5,000,000
Estimated Total EAV for 2021	\$623,248,226
Estimated Total EAV Change for 2021	2.82%

Legend	
District Assumptions & Data Entry	
Calculated Values	
Review Needed	

Original Estimate	Scenario Actual
Limiting Rate	3.2451
Capped Extension	\$19,734,203

Scenario Assumptions	
Actual % Change to Existing EAV for 2021	0.00%
Actual New Property for 2021	\$2,000,000
Actual Total EAV for 2021	\$608,125,712
Actual Total EAV Change for 2021	0.33%

Enter What If...? Existing EAV Assumption or, Final Actual to Stress Test the Levy
 Enter What If...? New Property Assumption or, Final Actual to Stress Test the Levy

Does This Levy Capture All Available Property Taxes Under These Assumptions?
 YES - All Available Tax Capped Debtors Have Been Captured

Current Levy Amount	County Loss %	Total Levy with County Loss %	Scenario Calculated Tax Rate	Maximum Tax Rate using Prior Year EAV	Maximum Allowable Extension	Maximum Allowable Extension x Reduction Factor	Final Tax Rate	Spring Extension Adjustment Between Funds	Final Adjusted Extension	Final Adjusted Tax Rate
Educational \$16,205,000	0.00%	\$16,205,000	2.6647	2.6647	\$16,205,000.00	\$15,703,057.17	2.5822	\$0.00	\$15,703,057.17	2.5822
Operations & Maintenance \$1,875,000	0.00%	\$1,875,000	0.3083	0.3083	\$1,875,000.00	\$1,816,922.69	0.2988	\$0.00	\$1,816,922.69	0.2988
Transportation \$1,110,000	0.00%	\$1,110,000	0.1825	0.1825	\$1,110,000.00	\$1,075,618.23	0.1769	\$0.00	\$1,075,618.23	0.1769
Working Cash \$200,000	0.00%	\$200,000	0.0329	0.0329	\$200,000.00	\$193,805.09	0.0319	\$0.00	\$193,805.09	0.0319
Municipal Retirement \$450,000	0.00%	\$450,000	0.0740	0.0740	\$450,000.00	\$436,061.45	0.0717	\$0.00	\$436,061.45	0.0717
Social Security \$450,000	0.00%	\$450,000	0.0740	0.0740	\$450,000.00	\$436,061.45	0.0717	\$0.00	\$436,061.45	0.0717
Fire Prevention & Safety * \$0	0.00%	\$0	0.0000	0.0000	\$0.00	\$0.00	0.0000	\$0.00	\$0.00	0.0000
Tort Immunity \$75,000	0.00%	\$75,000	0.0123	0.0123	\$75,000.00	\$72,676.91	0.0120	\$0.00	\$72,676.91	0.0120
Special Education \$0	0.00%	\$0	0.0000	0.0000	\$0.00	\$0.00	0.0000	\$0.00	\$0.00	0.0000
Leasing \$0	0.00%	\$0	0.0000	0.0000	\$0.00	\$0.00	0.0000	\$0.00	\$0.00	0.0000

Capped Levy/Extension/Rate	\$20,365,000	3.3488	\$20,365,000.00	\$19,734,202.98	3.2451	\$0.00	\$19,734,202.98	3.2451
SEDOL IMRF Levy	\$0		Actual SEDOL IMRF Extension/Rate	\$0.00	0.0000	Like County Only	\$0.00	0.0000
Bond & Interest Levy	\$1,254,209		Actual Bond & Interest Extension/Rate	\$0.00	0.0000	Includes Loss % Added by County Clerk(s)	\$0.00	0.0000
Total Levy	\$21,619,209		Actual Total Extension/Rate	\$19,734,203	3.2451		\$19,734,203	3.2451

Original:
 Amended:

ILLINOIS STATE BOARD OF EDUCATION
 School Business and Support Services Division
 217/785-8779

CERTIFICATE OF TAX LEVY

A copy of this Certificate of Tax Levy shall be filed with the County Clerk of each county in which the school district is located on or before the last Tuesday of December.

District Name Prospect Heights	District Number 23	County Cook
--	------------------------------	-----------------------

Amount of Levy

Educational	\$ 16,205,000	Fire Prevention & Safety *	\$ 0
Operations & Maintenance	\$ 1,875,000	Tort Immunity	\$ 75,000
Transportation	\$ 1,110,000	Special Education	\$ 0
Working Cash	\$ 200,000	Leasing	\$ 0
Municipal Retirement	\$ 450,000		\$ 0
Social Security	\$ 450,000	Other	\$ 0
		Total Levy	\$ 20,365,000

* Includes Fire Prevention, Safety, Energy Conservation, Disabled Accessibility, School Security, and Specified Repair Purposes.

See explanation on reverse side.

Note: Any district proposing to adopt a levy must comply with the provisions set forth in the Truth in Taxation Law.

We hereby certify that we require:

the sum of 16,205,000 dollars to be levied as a special tax for educational purposes; and
 the sum of 1,875,000 dollars to be levied as a special tax for operations and maintenance purposes; and
 the sum of 1,110,000 dollars to be levied as a special tax for transportation purposes; and
 the sum of 200,000 dollars to be levied as a special tax for a working cash fund; and
 the sum of 450,000 dollars to be levied as a special tax for municipal retirement purposes; and
 the sum of 450,000 dollars to be levied as a special tax for social security purposes; and
 the sum of 0 dollars to be levied as a special tax for fire prevention, safety, energy conservation, disabled accessibility, school security and specified repair purposes; and
 the sum of 75,000 dollars to be levied as a special tax for tort immunity purposes; and
 the sum of 0 dollars to be levied as a special tax for special education purposes; and
 the sum of 0 dollars to be levied as a special tax for leasing of educational facilities or computer technology or both, and temporary relocation expense purposes; and
 the sum of 0 dollars to be levied as a special tax for _____; and
 the sum of 0 dollars to be levied as a special tax for _____
 on the taxable property of our school district for the year 2021

Signed this _____ day of _____, 2021. _____
 (President)

 (Clerk or Secretary of the School Board of Said School District)

When any school is authorized to issue bonds, the school board shall file a certified copy of the resolution in the office of the county clerk of each county in which the district is situated to provide for the issuance of the bonds and to levy a tax to pay for them. The county clerk shall extend the tax for bonds and interest as set forth in the certified copy of the resolution, each year during the life of the bond issue. Therefore to avoid a possible duplication of tax levies, the school board should not include a levy for bonds and interest in the district's annual tax levy.

Number of bond issues of said school district that have not been paid in full 5.

(Detach and Return to School District)

This is to certify that the Certificate of Tax Levy for School District No. 23, Cook County, Illinois, on the equalized assessed value of all taxable property of said school district for the year 2021 was filed in the office of the County Clerk of this County on _____, 2021.

In addition to an extension of taxes authorized by levies made by the Board of Education (Directors), an additional extension(s) will be made, as authorized by resolution(s) on file in this office, to provide funds to retire bonds and pay interest thereon.

The total levy, as provided in the original resolution(s), for said purposes for the year 2021, is \$ _____.

 (Signature of County Clerk)

 (Date)

 (County)

EXPLANATION

The school board of any school district having a population of less than 500,000 inhabitants may levy a tax annually, for educational purposes, upon all the taxable property of the district at the value, as equalized or assessed by the Department of Revenue (Section 17-2 of the School Code).

The school board of any school district having a population of less than 500,000 inhabitants may levy a tax annually, for operations and maintenance purposes, upon all the taxable property of the district at the value, as equalized or assessed by the Department of Revenue (Section 17-2 of the School Code).

The school board of any school district having a population of less than 500,000 inhabitants may levy a tax annually, for transportation purposes, upon all the taxable property of the district at the value, as equalized or assessed by the Department of Revenue (Section 17-2 of the School Code).

The school board of any school district having a population of less than 500,000 inhabitants may levy a tax known as a Working Cash Fund Tax upon all the taxable property of the district, annually (Section 20-3 of the School Code).

The school board of any school district may levy a tax for municipal retirement purposes in a sum sufficient to provide all the contributions required of the school district by including the amount to be levied for such purposes in the Certificate of Tax Levy for other school taxes, or such district may file with the county clerk a separate certificate or resolution setting forth the amount of tax to be levied for such purpose (40 ILCS 5/7-171).

The school board of any school district may levy a tax for social security (includes Medicare only) purposes in a sum sufficient to provide all the contributions required of the school district by including the amount to be levied for such purposes in the Certificate of Tax Levy for other taxes, or such district may file with the county clerk a separate certificate or resolution setting forth the amount of tax to be levied for such purpose (40 ILCS 5/21-110, 21-110.1).

The school board of any school district having a population of less than 500,000 inhabitants may levy a tax upon all the taxable property of the district at the value as equalized or assessed by the Department of Revenue for the purposes of professional surveys, alterations, and reconstruction for fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes upon meeting certain statutory conditions (Section 17-2.11 of the School Code).

The school board of any school district may levy a tax upon all the taxable property within the district for tort immunity purposes in a sum sufficient to pay the costs of purchasing such insurance or sufficient to pay any tort judgment, settlement, or insurance imposed upon it under the Local Government and Governmental Employees Tort Immunity Act including liabilities under the Workers' Compensation Act, Occupational Diseases Act, or the Unemployment Insurance Act 745 ILCS 10/9-107 and Section 17-2.5 of the School Code).

The school board of any school district may levy, with voter approval, a tax upon the full, fair cash value as equalized or assessed by the Department of Revenue within the district for a capital improvement fund (which levy is in addition to that for building purposes) and such fund is to be levied, accumulated, and spent only in accordance with Section 17-2.3 of the School Code.

The school board of any school district having a population of less than 500,000 inhabitants, by proper resolution, may levy an annual tax upon the full, fair cash value as equalized or assessed by the Department of Revenue for special education purposes including the purposes authorized by Section 10-22.31b and Section 17-2.2a of the School Code.

The school board of any school district having a population of less than 500,000 inhabitants, with voter approval, may levy a tax annually, for summer school purposes, upon all the taxable property of the district at the value, as equalized or assessed by the Department of Revenue (Section 17-2.1 of the School Code).

The school board of any school district having a population of less than 500,000 inhabitants may, by proper resolution, levy an annual tax upon the value as equalized or assessed by the Department of Revenue for a period of not more than five years for area vocational education building purposes including the purposes authorized by Section 10-22.31b of the School Code, upon the condition that there are not sufficient funds available in the operations and maintenance fund of the district to pay the cost thereof. Such tax shall not be levied without the prior approval of the State Superintendent of Education and prior approval by a majority of the electors voting upon the proposition at a general or special election (Section 17-2.4 of the School Code).

The school board of any school district having a population of less than 500,000 inhabitants may levy an annual tax not to exceed 0.05% upon the taxable property, as equalized or assessed by the Department of Revenue, for the purposes of leasing

educational facilities or computer technology or both, and for temporary relocation expense (Section 17-2.2c of the School Code).

The school board of any school district, upon determining that a surplus of funds is available, shall adopt a resolution or ordinance reducing the tax levy of such district for the year for which the resolution or ordinance is adopted. The district shall certify the action to the county clerk who shall abate the levy in accordance with the provision of the ordinance (35 ILCS 200/18-20).

The Truth in Taxation Law affects all units of local government, school districts, and community colleges, including home rule units, who are authorized to levy property taxes. For the requirements of the law, refer to 35 ILCS 200/18-55 et seq.

**NOTICE OF PROPOSED PROPERTY TAX INCREASE
FOR PROSPECT HEIGHTS PUBLIC SCHOOL DISTRICT 23**

- I. A public hearing to approve a proposed property tax levy increase for Prospect Heights Public School District 23, Cook County, Illinois, for 2020 will be held on December 8, 2021 at 7:00 p.m. at the Grodsky Administration Center, 700 N. Schoenbeck Road, Prospect Heights, Illinois. Any person desiring to appear at the public hearing and present testimony to the taxing district may contact Dr. Don Angelaccio, Superintendent, 700 N. Schoenbeck Road, Prospect Heights, Illinois 60070, (847) 870-3850.
- II. The corporate and special purpose property taxes extended or abated for 2020 were \$19,397,733.
- III. The proposed corporate and special purpose property taxes to be levied for 2021 are \$20,365,000. This represents a 4.99% increase over the previous year.
- IV. The property taxes extended for debt service and public building commission leases for 2020 were \$1,266,300.
- V. The estimated property taxes to be levied for debt service and public building commission leases for 2021 are \$1,254,209. This represents a -3.30% change from the previous year.
- VI. The total property taxes extended or abated for 2020 were \$20,694,697.
- VII. The estimated total property taxes to be levied for 2021 are \$21,619,209. This represents a 4.47% increase over the previous year.

NOTE TO PUBLISHER:

1. Notice shall be no less than one-eighth (1/8) page in size.
2. The smallest type used shall be 12 point.
3. Total notice to be enclosed within a black border no less than one-quarter (1/4) of an inch wide.
4. Notice shall not be placed in paper where legal notices or advertisements appear.
5. If there is a question call: Amy McPartlin at (847) 870-5552.
6. **Please publish on November 29, 2021.**