

*Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*

**\$8,900,000**  
**TOWNSHIP HIGH SCHOOL DISTRICT NUMBER 214**  
**COOK COUNTY, ILLINOIS**  
**(ARLINGTON HEIGHTS)**  
**GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2017**

**Dated: Date of Issuance**

**Due: December 1, as Shown on the Inside Cover Page**

The General Obligation Limited Refunding School Bonds, Series 2017 (the "Bonds"), of Township High School District Number 214, Cook County, Illinois (the "District"), are issuable as fully registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. The Bonds are issued in fully registered form in denominations of \$5,000 and integral multiples thereof, and will bear interest payable on June 1 and December 1 of each year, with December 1, 2017 as the first interest payment date. The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, will act as registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the Bonds will be used to (i) currently refund a portion of the District's outstanding General Obligation Limited Tax Bonds, Series 2007, dated May 10, 2007, (ii) currently refund a portion of the District's outstanding General Obligation Limited Tax School Bonds, Series 2008, dated July 30, 2008, and (iii) pay costs associated with the issuance of the Bonds.

The Bonds, in the opinion of Bond Counsel, are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See "THE BONDS – Limited Bonds" herein.

The Bonds are not subject to redemption prior to maturity.

The Bonds are offered when, and if issued by the District and received by the Underwriter, subject to a prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about September 28, 2017.

**BOK FINANCIAL SECURITIES, INC.**  
**AS UNDERWRITER**

  
**AS FINANCIAL ADVISOR**

The date of this Official Statement is September 12, 2017.

## MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

### \$8,900,000 General Obligation Limited Refunding School Bonds, Series 2017

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP<sup>(1)</sup></u> <u>(215633)</u>
2018	1,915,000	2.00	0.95	NK0
2019	1,955,000	2.00	1.07	NL8
2020	1,635,000	2.00	1.17	NM6
2021	730,000	2.00	1.30	NN4
2022	745,000	2.00	1.45	NP9
2023	760,000	3.00	1.60	NQ7
2024	780,000	3.00	1.75	NR5
2025	210,000	3.00	1.90	NS3
2026	170,000	3.00	2.05	NT1

(1) CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of Township High School District Number 214, Cook County, Illinois (the "District"), or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, Inc., Naperville, Illinois, is serving as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

**Township High School District Number 214  
Cook County, Illinois  
(Arlington Heights)  
2121 South Goebbert Road  
Arlington Heights, Illinois 60005  
(847) 718-7600**

\* \* \* \* \*

**Board of Education**

Todd Younger, President  
Daniel Petro, Vice President  
William J. Dussling  
Mark Hineman  
Alva Kreutzer  
Mildred (Millie) Palmer  
Leonard (Lenny) Walker

**Superintendent**

Dr. David R. Schuler

**Associate Superintendent for Finance & Operations/Board Secretary/School Treasurer**

Cathy Johnson

**Director of Business Services**

Sherry L. Koerner

\* \* \* \* \*

**Paying Agent/Registrar**

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- A. Form of Legal Opinion of Bond Counsel
- B. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016
- C. Form of Continuing Disclosure Undertaking

**\$8,900,000**  
**Township High School District Number 214**  
**Cook County, Illinois**  
**(Arlington Heights)**  
**General Obligation Limited Refunding School Bonds, Series 2017**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning Township High School District Number 214, Cook County, Illinois (the “District”), in connection with the offering and sale of its \$8,900,000 General Obligation Limited Refunding School Bonds, Series 2017 (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

**THE BONDS**

**General Description**

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 each or authorized integral multiples thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable as described under the caption “BOOK-ENTRY SYSTEM” by The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as paying agent and registrar (the “Registrar”).

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each June 1 and December 1, beginning December 1, 2017. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar in Chicago, Illinois. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

The Bonds are not subject to redemption prior to maturity.

**Registration and Exchange**

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or

other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date.

### **Authority and Purpose**

The Bonds are issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto and a bond resolution adopted by the Board of Education (the “Board”) of the District on August 10, 2017, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) currently refund a portion of the District’s outstanding General Obligation Limited Tax Bonds, Series 2007, dated May 10, 2007 (the “2007 Bonds”), (ii) currently refund a portion of the District’s outstanding General Obligation Limited Tax School Bonds, Series 2008, dated July 30, 2008 (the “2008 Bonds”), and (iii) pay costs associated with the issuance of the Bonds. See “THE REFUNDING” herein.

### **Security and Payment**

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “Limitation Law”). See “Limited Bonds” herein.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate, upon all taxable property within the District in amounts to pay, as and when due, all principal of and interest on the Bonds to the amount of the Base (as hereinafter defined). The District expects to pay debt service on the Bonds in excess of the Base from funds of the District on hand and lawfully available for such purpose. The Bond Resolution will be filed with the County Clerk of The County of Cook, Illinois (the "County Clerk"), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

Reference is made to Appendix A for the proposed form of legal opinion of Bond Counsel.

### **Limited Bonds**

The Bonds are limited bonds and are issued pursuant to the School Code, as supplemented by the Debt Reform Act. 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 pursuant to the Limitation Law.

The Debt Reform Act provides that 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 for the District for the 1994 levy year constituting an extension for payment of principal 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 Limitation Law, the "CPI") during the 12-month calendar year preceding the levy year. The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

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At closing, the Bonds will constitute one of six series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the District's outstanding 2007 Bonds; 2008 Bonds; General Obligation Limited School Bonds, Series 2011; General Obligation Limited School Bonds, Series 2012 and General Obligation Limited Refunding School Bonds, Series 2016. The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds. The amount of the Base for the 2017 levy year has been determined to be \$3,342,998.30, which is calculated as follows:

Levy Year	Debt Service		New Debt Service	
	Extension Base	CPI	CPI Increase	Extension Base
2009	\$ 2,907,539.58	0.10%	\$ 2,907.53	\$ 2,910,447.11
2010	2,910,447.11	2.70%	78,582.07	2,989,029.18
2011	2,989,029.18	1.50%	44,835.43	3,033,864.61
2012	3,033,864.61	3.00%	91,015.93	3,124,880.54
2013	3,124,880.54	1.70%	53,122.96	3,178,003.50
2014	3,178,003.50	1.50%	47,670.05	3,225,673.55
2015	3,225,673.55	0.80%	25,805.38	3,251,478.93
2016	3,251,478.93	0.70%	22,760.35	3,274,239.28
2017	3,274,239.28	2.10%	68,759.02	3,342,998.30

The following chart shows the Base of the District, the debt service on the District's outstanding limited tax bonds and the Bonds, and the available Base after the issuance of the Bonds and the refunding of the hereinafter defined Refunded Bonds.

Levy Year	Fiscal Year	Outstanding	Less: Refunded	Debt Service on the Bonds	Total Limited	Available Base	
		Limited Bonds Debt Service	Bonds Debt Service		Bonds Debt Service		Base <sup>(1)</sup>
2016	2018	\$ 3,272,052	\$ -	\$ -	\$ 3,272,052	\$ 3,274,239	\$ 2,187
2017	2019	3,302,305	(2,076,005)	2,112,200	3,338,500	3,342,998	4,498
2018	2020	3,333,818	(2,073,118)	2,113,900	3,374,600	3,376,428	1,828
2019	2021	3,343,030	(1,690,080)	1,754,800	3,407,750	3,410,193	2,443
2020	2022	3,406,380	(817,480)	817,100	3,406,000	3,444,294	38,294
2021	2023	3,440,205	(823,255)	817,500	3,434,450	3,478,737	44,287
2022	2024	3,472,005	(818,655)	817,600	3,470,950	3,513,525	42,575
2023	2025	3,505,755	(817,705)	814,800	3,502,850	3,548,660	45,810
2024	2026	3,390,590	(820,140)	221,400	2,791,850	3,584,147	792,297
2025	2027	3,470,650	(821,000)	175,100	2,824,750	3,619,988	795,238
2026	2028	3,979,800	-	-	3,979,800	3,656,188	(323,612)
2027	2029	4,063,250	-	-	4,063,250	3,692,750	(370,500)
2028	2030	4,106,350	-	-	4,106,350	3,729,677	(376,673)
2029	2031	4,201,950	-	-	4,201,950	3,766,974	(434,976)
2030	2032	1,617,750	-	-	1,617,750	3,804,644	2,186,894
		<u>\$ 51,905,890</u>	<u>\$ (10,757,438)</u>	<u>\$ 9,644,400</u>	<u>\$ 50,792,852</u>		

(1) Pursuant to Public Act 96-0501, the District's Base will increase by the lesser of CPI or 5% each year starting with levy year 2009. In this chart, the applicable CPI increases have been applied to levy years 2016 and 2017, and are assumed to be 1.0% per year thereafter. Any amounts not levied because the CPI growth is insufficient will be paid from lawfully available funds of the District. The District will need to approve resolutions, perhaps annually, to impose the supplemental levies allowable as a result of CPI growth to the Base.

Note: Amounts are rounded.

The District expects that the debt service due on the Bonds that exceeds the Base will be paid from excess funds in the District's bond and interest account or from other lawfully available District funds, including fund balances. See "SUMMARY OF OPERATING RESULTS – Summary of Operating Funds and Debt Service Fund" herein.

## THE REFUNDING

Proceeds of the Bonds, together with funds of the District on hand and legally available for such purpose (the “Available Funds”), will be used to currently refund a portion of the 2007 Bonds (the “2007 Refunded Bonds”) and currently refund a portion of the 2008 Bonds (the “2008 Refunded Bonds”, together with the 2007 Refunded Bonds, the “Refunded Bonds”). The purpose of the refunding is to realize debt service savings for the District. The Refunded Bonds are further described below.

### 2007 Bonds (Dated Date: May 10, 2007)

CUSIP (215633)	Maturities (December 1)	Original Outstanding Amount	Previously Refunded Amount	2007 Refunded Bonds	Remaining Amount	Redemption Price <sup>(1)</sup>	Redemption Date
JP4	2017	\$ 1,270,000	\$ -	\$ -	\$ 1,270,000	N/A	N/A
JQ2	2018	1,320,000	-	(1,320,000)	-	100.00%	October 28, 2017
JR0	2019	1,375,000	-	(1,375,000)	-	100.00%	October 28, 2017
NC8	2020	1,430,000	(390,000)	(1,040,000)	-	100.00%	October 28, 2017
ND6	2021	1,500,000	(1,280,000)	(220,000)	-	100.00%	October 28, 2017
NE4	2022	1,575,000	(1,340,000)	(235,000)	-	100.00%	October 28, 2017
NF1	2023	1,655,000	(1,410,000)	(245,000)	-	100.00%	October 28, 2017
NG9	2024	1,740,000	(1,480,000)	(260,000)	-	100.00%	October 28, 2017
NH7	2025	1,825,000	(1,555,000)	(270,000)	-	100.00%	October 28, 2017
NJ3	2026	1,915,000	(1,630,000)	(285,000)	-	100.00%	October 28, 2017
Total:		<u>\$ 15,605,000</u>	<u>\$ (9,085,000)</u>	<u>\$ (5,250,000)</u>	<u>\$ 1,270,000</u>		

(1) Expressed as a percentage of par.

**2008 Bonds**  
(Dated Date: July 30, 2008)

CUSIP (215633)	Maturities (December 1)	Original Outstanding Amount	2008 Refunded Bonds	Remaining Amount	Redemption Price <sup>(2)</sup>	Redemption Date
KJ6	2017	\$ 340,000	\$ -	\$ 340,000	N/A	N/A
KK3	2018	355,000	(355,000)	-	100.00%	December 1, 2017
	2019	365,000 <sup>(1)</sup>	(365,000)	-	100.00%	December 1, 2017
KM9	2020	390,000	(390,000)	-	100.00%	December 1, 2017
KN7	2021	405,000	(405,000)	-	100.00%	December 1, 2017
KP2	2022	425,000	(425,000)	-	100.00%	December 1, 2017
KQ0	2023	440,000	(440,000)	-	100.00%	December 1, 2017
KR8	2024	455,000	(455,000)	-	100.00%	December 1, 2017
KS6	2025	480,000	(480,000)	-	100.00%	December 1, 2017
KT4	2026	500,000	(500,000)	-	100.00%	December 1, 2017
	Total:	<u>\$ 4,155,000</u>	<u>\$ (3,815,000)</u>	<u>\$ 340,000</u>		

(1) Mandatory sinking fund payment for the term bond due on December 1, 2020.

(2) Expressed as a percentage of par.

Proceeds of the Bonds and funds of the District on hand and lawfully available for such purposes (the “Lawfully Available Funds”) will be deposited with The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as paying agent for the Refunded Bonds (the “Prior Paying Agent”). The proceeds and Lawfully Available Funds will be used by the Prior Paying Agent to make all payments of the principal of and interest on the Refunded Bonds upon redemption prior to maturity and said proceeds and Lawfully Available Funds so deposited will be in an amount sufficient for such purpose.

## **SOURCES AND USES**

### **Estimated Sources of Funds**

Par Amount of the Bonds.....	\$ 8,900,000.00
Original Issue Premium.....	304,188.95
Lawfully Available Funds.....	<u>165,992.50</u>
Total Sources .....	<u>\$ 9,370,181.45</u>

### **Estimated Uses of Funds**

Deposit with the Prior Paying Agent.....	\$ 9,232,491.71
Costs of Issuance <sup>(1)</sup> .....	<u>137,689.74</u>
Total Uses .....	<u>\$ 9,370,181.45</u>

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Financial Advisor fee, Registrar's fee, rating agency fee, and other costs of issuance.

## **BOOK-ENTRY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks,

trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### **Summary of Property Assessment, Tax Levy and Collection Procedures**

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Cook County, Illinois (the "County"). There can be no assurance that the procedures described herein will not change.

### **Real Property Assessment**

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department of Revenue"). For triennial reassessment purposes, the County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The District is located in the North Tri and was reassessed for the 2016 tax levy year.

In response to the downturn of the real estate market, the Assessor reduced the 2009 assessed value on suburban residential properties (specifically, those properties located in the South Tri and the North Tri) not originally scheduled for reassessment in 2009. For tax year 2009, each suburban township received an adjustment percentage for tax year 2009, lowering the existing assessed values of all residential properties in such township within a range of 4% to 15%, beginning with the second-installment tax bills payable in the fall of 2010.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed (beginning with the 2009 tax levy year) at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

CLASS	DESCRIPTION OF QUALIFYING PROPERTY	ASSESSMENT PERCENTAGE	REVERTS TO CLASS
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10 year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7c	Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation	10% for first 3 years and any 3 year renewal; if not renewed, 15% in year 4, 20% in year 5	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10 year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the "Mark up to Market" option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can

seek review of its assessment by appealing to the Cook County Board of Review (the “Board of Review”), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the “PTAB”), a statewide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of Cook County (the “Circuit Court”) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

## **Equalization**

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department of Revenue is required by statute to review the Assessed Valuations. The Department of Revenue establishes an equalization factor (the “Equalization Factor”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State of Illinois (the “State”). Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
2007	2.8439
2008	2.9786
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621
2014	2.7253
2015	2.6685
2016	2.8032

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized assessed valuation (“EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department of Revenue, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “Assessment Base”).

## **Exemptions**

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$7,000 for tax year 2012 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer’s homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less (“Qualified Homestead Property”). If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of \$55,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (i) the current EAV of the residence and (ii) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Homestead Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Homestead Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Homestead Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

## **Tax Levy**

As part of the annual budgetary process of governmental units (the “Units”) with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit’s maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year’s EAV for all property currently in the District. The prior year’s EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year’s EAV.

## **Property Tax Extension Limitation Law**

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The use of prior year EAVs to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in taxing districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See “FINANCIAL INFORMATION – Tax Rates.” The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) have flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District’s limiting rate computed

in accordance with the provisions of the Limitation Law. Furthermore, if a proposition to reduce the District's extension for educational purposes is approved by the District's voters (see "RISK FACTORS – Decrease in Property Tax Extension for Educational Purposes"), separate limiting rates for educational purposes and for the aggregate of the District's other funds subject to the Limitation Law will be computed in accordance with the provisions of the Limitation Law.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited tax bonds (such as the Bonds) in lieu of general obligation bonds that have otherwise been authorized by applicable law. See "THE BONDS - Limited Bonds" herein.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State (the "Property Tax Freeze Proposal"). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the District. The District cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

## **Extensions**

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

## **Collections**

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year's tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the corrected prior year's tax bill. The second installment covers the balance of the current year's tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has been the first business day in March for each of the last ten years. However, for 2010, the first installment penalty date was established as

April 1 by statute. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2007	November 3, 2008
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the “Annual Tax Sale”) of unpaid taxes shown on that year’s Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any “automated means.” Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’

taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

### **Truth in Taxation Law**

The Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action which would adversely affect the levy, extension, collection, and application of the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future laws concerning the levy, extension, and collection of such taxes levied by the District.

### **RISK FACTORS**

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

### **Finances of the State of Illinois**

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State’s general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016 (“FY 2016”), and June 30, 2017, which had a significant, negative impact on the State’s finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State’s pension systems and a bill backlog of billions of dollars contributed to the State’s poor financial health.

On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018 (the “Fiscal Year 2018 Budget”). The Fiscal Year 2018 Budget contains an appropriation for General State Aid (as hereinafter defined); however, such appropriation is contingent upon General State Aid being allocated among school districts in accordance with an “Evidence-Based Funding Model.” See “STATE AID – Evidence-Based

Funding Model” herein for more information on the Evidence-Based Funding Model. The method of allocating General State Aid among school districts in the State through school year 2016-2017 did not constitute an Evidence-Based Funding Model. Public Act 100-0465, effective August 31, 2017 (“Public Act 100-0465”), provides for an Evidence-Based Funding Model for allocating General State Aid to school districts (2.75% of the District’s Combined Educational Fund and Operations and Maintenance Fund Revenue Sources for FY 2016) beginning with the 2017-2018 school year.

The District cannot predict the effect the State’s ongoing financial problems may have on the District’s future finances.

### **Decrease in Property Tax Extension for Educational Purposes**

Public Act 100-0465 provides that if the District’s Adequacy Target (as defined under “STATE AID” herein) exceeds 110% for the school year that begins during the calendar year immediately preceding the levy year for which a tax reduction is sought, a petition signed by at least 10% of the registered voters in the District may be filed requiring a proposition to be submitted to the District’s voters at the next consolidated election in April of odd-numbered years asking the voters whether the District must reduce its extension for educational purposes for the levy year in which the election is held to an amount that is less than the extension for educational purposes for the immediately preceding levy year. The reduced extension, however, may not be more than 10% lower than the amount extended for educational purposes in the previous levy year and may not cause the District’s Adequacy Target to fall below 110% for the levy year for which the reduction is sought. If the voters approve the proposition, the County Clerk will extend a rate for educational purposes that is no greater than the limiting rate for educational purposes computed in accordance with the Limitation Law. If the proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

### **Local Economy**

The financial health of the District is in part dependent on the strength of the local economy. Many factors impact the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

### **Declining EAV**

The amount of property taxes extended for the District is determined by applying the various operating tax rates and the bond and interest tax rate levied by the District to the District’s EAV. The District’s EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the District. As detailed herein under “FINANCIAL INFORMATION – Trend of EAV”, the District’s EAV significantly declined in levy years 2012 and 2013, increased 1.69% in levy year 2014, declined 2.44% in levy

year 2015 and increased 16.02% in levy year 2016. Such significant increase in levy year 2016 is based in large part to increasing housing values and 2016 being a triennial reassessment year for the District. Declining EAVs and increasing tax rates (certain of which may reach their rate ceilings) could reduce the amount of taxes the District is able to receive. See “FINANCIAL INFORMATION – Tax Rates” herein.

### **Loss or Change of Bond Rating**

The Bonds have received a credit rating from Moody’s Investors Service, New York, New York (“Moody’s”). The rating can be changed or withdrawn at any time for reasons both under and outside the District’s control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

### **Secondary Market for the Bonds**

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

### **Continuing Disclosure**

A failure by the District to comply with the Undertaking for continuing disclosure (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Commission under the Exchange Act, and may adversely affect the transferability and liquidity of the Bonds and their market price.

### **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## **Future Changes in Laws**

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

## **Factors Relating to Tax Exemption**

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the District’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

## **Bankruptcy**

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to

limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

### **Forward Looking Statements**

Many trends and economic factors could affect the future operations of the District and are taken into account by the District when budgeting and planning for the long term. Such considerations include private sector development of competitive facilities and services in the surrounding area, facility usage and the availability of open space and facilities. In addition, there are several major challenges that the District is currently facing and has addressed in its current budget. These include the effect of the Limitation Law on District property tax revenues, reductions in funding from the State, construction expenses, rising utility costs, changes in group health insurance costs and low interest rates on investments.

## **THE DISTRICT**

### **General Description**

The District was organized on July 1, 1914, and is located in the northwest portion of the County in Elk Grove, Wheeling and Palatine Townships, approximately 25 miles northwest of downtown Chicago. The District encompasses 68.3 square miles and serves the following communities in whole or part: Arlington Heights (33.49% of the District's 2016 EAV), Buffalo Grove (3.92% of the District's 2016 EAV), Des Plaines (3.70% of the District's 2016 EAV), Elk Grove Village (16.62% of the District's 2016 EAV), Mount Prospect (18.92% of the District's 2016 EAV), Prospect Heights 4.41% of the District's 2016 EAV), Rolling Meadows (5.63% of the District's 2016 EAV) and Wheeling (10.94% of the District's 2016 EAV).

The District currently has seven campuses. John Hersey High School is located in the Village of Arlington Heights and Prospect High School is located in the Village of Mount Prospect. Buffalo Grove, Elk Grove, Rolling Meadows and Wheeling High Schools are located in the villages for which they are named. The District's The Academy at Forest View Program, the Vanguard School, the Newcomer Center and the administration offices are located at the Forest View Educational Center in Arlington Heights.

The District has a complete academic program with 440 courses available, as well as many programs and services for students with special needs. The District also has a comprehensive extra-curricular offering including drama, service clubs, special interest clubs, music groups and a full slate of athletic offerings available to the students. In addition, the District is committed to provide lifelong learning opportunities for residents of all ages.

The District has been recognized as a Blue Ribbon High School District by the U.S. Department of Education.

## Educational Facilities

The District is in the midst of a \$45 million improvement program at all six high schools. Construction occurred in the summers of 2015 and 2016 and will resume in the summer of 2018 (two high schools per summer). The improvement project is being funded with transfers from the Working Cash Fund as follows: \$1.4 million in the fiscal year ended June 30, 2015; \$24.7 million in the fiscal year ended June 30, 2016; \$11.9 million in the fiscal year ended June 30, 2017; and \$7.0 million in the fiscal year ending June 30, 2018. The District also transferred \$6.1 million and \$4.5 million from the Operations and Maintenance Fund to the Capital Project Fund in the fiscal years ended June 30, 2015, and June 30, 2016, respectively. See “SUMMARY OF OPERATING RESULTS” herein.

The District operates seven school buildings.

<u>Facility</u>	<u>Grades</u>	<u>Current Enrollment</u> <sup>(1)</sup>	<u>Capacity Enrollment</u>	<u>Year Constructed</u>	<u>Years of Additions/Renovations</u>
Buffalo Grove High School.....	9-12	1,979	2,500	1973	1995, 1996, 2000 2002, 2005, 2014
Elk Grove High School.....	9-12	1,921	2,500	1966	1979, 1995, 1998 2002, 2005
John Hersey High School.....	9-12	1,907	2,500	1968	1988, 1990, 1991, 1998 2002, 2015
Prospect High School.....	9-12	2,165	2,500	1957	1966, 1987, 1993, 1995 1999, 2002, 2016
Rolling Meadows High School.....	9-12	1,969	2,500	1971	1994, 1999, 2002
Young Adult Program.....	10-12	86			
Wheeling High School.....	9-12	1,837	2,500	1964	1969, 1976, 1979, 1998 1999, 2002
Forest View Educational Center					
District Central Office				1962	1979, 1987, 2003
Vanguard School.....	9-12	34			
Newcomer Center.....	9-12	39			
The Academy at Forest View.....	9-12	129			
Preschool.....	0-3	24	24		

(1) As of September 30, 2016, the fall housing report is reflective of students who attended the District’s schools from within and outside of the District’s attendance boundaries.

Source: The District

## Enrollments

The table below includes historical enrollment utilizing the Fall Housing Count (Housed) which reflects students enrolled as of the last school day in September and the projected enrollment for the next five years. The projected enrollment figures are based on a nine year Cohort Survival Rate method.

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Enrollment</u> <sup>(1)</sup>
2012-2013	11,941	2017-2018	12,120
2013-2014	11,836	2018-2019	12,237
2014-2015	11,796	2019-2020	12,207
2015-2016	11,722	2020-2021	12,380
2016-2017	11,869	2021-2022	12,520

(1) Projected enrollment. The District anticipates the future enrollment to increase based upon stabilized housing market and an increase in families with school age children moving into the District's attendance area.

Source: The District

## The Board of Education

The District is governed by the Board whose members are elected for staggered terms of office. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and to oversee the property and facilities of the District. The Board elects a President and Vice President from its membership. The present members are as follows:

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
President.....	Todd Younger	April 2021
Vice President.....	Daniel Petro	April 2019
Member.....	William J. Dussling	April 2019
Member.....	Mark Hineman	April 2021
Member.....	Alva Kreutzer	April 2019
Member.....	Mildred (Millie) Palmer	April 2021
Member.....	Leonard (Lenny) Walker	April 2021
Secretary/School Treasurer.....	Cathy Johnson	Appointed

## Administration

The District's Superintendent is Dr. David R. Schuler, who has been the Superintendent since 2005. Cathy Johnson joined the District in 2013 as the Associate Superintendent of Finance and Operations.

## Employees

The District has approximately 1,635 employees of whom 942 are certified and 693 are non-certified. Of the 1,427 employees represented by unions, 861 are represented by the Education Association, 403 are represented by the Education Support Personnel Association and 163 are represented by the Custodial and Maintenance Association. The contracts expire as follows: Education Association, June 30, 2019; Education Support Personnel Association, June 30, 2021 and Custodial and Maintenance Association, June 30, 2019. The District considers its relationship with its employees to be positive and collaborative.

## SOCIO-ECONOMIC CHARACTERISTICS

### Population Trend

Below are the population statistics for the Village of Arlington Heights, Village of Buffalo Grove, Village of Elk Grove Village, Village of Mount Prospect, Village of Wheeling (collectively, the "Villages"), the City of Des Plaines, City of Prospect Heights, and the City of Rolling Meadows (collectively, the "Cities") compared to the County and the State.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% Change 1990-2010</u>
Village of Arlington Heights...	75,460	76,031	75,101	(0.48)
Village of Buffalo Grove.....	36,427	42,909	41,496	13.92
City of Des Plaines.....	53,223	58,720	58,364	9.66
Village of Elk Grove Village..	33,429	34,727	33,127	(0.90)
Village of Mount Prospect.....	53,170	56,265	54,167	1.88
City of Prospect Heights.....	15,239	17,081	16,256	6.67
City of Rolling Meadows.....	22,591	24,604	24,099	6.68
Village of Wheeling.....	29,911	34,496	37,648	25.87
The County .....	5,105,067	5,376,741	5,194,675	1.76
The State .....	11,430,602	12,419,293	12,830,632	12.25

Source: U.S. Census Bureau, 1990 Census, 2000 Census and 2010 Census.

## Education

The educational background of District residents living in the Villages and the Cities compared to the County and the State is illustrated in the following table.

### Educational Levels for Persons 25 years of Age and Older

<u>Education Level</u>	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County	The State
Less than 9th Grade .....	4.8%	1.9%	1.2%	6.3%	7.4%	5.4%
9th to 12th grade, no diploma .....	4.6	2.1	1.3	5.8	7.3	6.6
High school graduate .....	22.3	17.8	11.6	24.8	24.0	26.8
Some college, no degree .....	19.3	17.2	15.6	19.6	19.2	21.1
Associate degree .....	7.5	6.4	6.0	7.8	6.4	7.7
Bachelor's degree .....	26.8	33.9	36.8	24.4	21.5	19.9
Graduate or professional degree .....	14.8	20.6	27.5	11.3	14.3	12.4
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

<u>Education Level</u>	Village of Elk Grove	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows	Village of Wheeling
Less than 9th Grade .....	2.2%	5.1%	7.4%	8.8%	7.6%
9th to 12th grade, no diploma .....	3.5	5.2	6.2	5.0	7.0
High school graduate .....	24.0	22.8	26.4	22.4	24.6
Some college, no degree .....	24.5	19.2	17.7	23.0	19.6
Associate degree .....	9.5	8.0	6.6	8.1	6.4
Bachelor's degree .....	25.7	25.6	22.5	20.8	23.0
Graduate or professional degree .....	10.7	14.1	13.3	11.9	11.9
Total .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2011-2015 American Community Survey 5-year Estimates, Census Bureau  
Please note that total of the columns may not equal 100.0% due to rounding.

## Income

The following table sets forth the distribution of household income and median household income for the District, the Villages and the Cities compared with the County and the State.

<u>Household Income</u>	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County	The State
Under \$10,000 .....	3.8%	3.2%	3.4%	3.7%	8.6%	7.2%
\$10,000 to \$14,999 .....	3.0	2.5	2.2	3.3	4.9	4.5
\$15,000 to \$24,999 .....	8.0	6.9	5.0	7.7	10.4	10.0
\$25,000 to \$34,999 .....	8.7	6.7	4.9	8.6	9.4	9.4
\$35,000 to \$49,999 .....	12.3	10.0	7.8	13.3	12.4	12.7
\$50,000 to \$74,999 .....	18.4	16.5	12.6	20.3	16.9	17.8
\$75,000 to \$99,999 .....	14.7	14.8	14.0	15.7	11.9	12.7
\$100,000 to \$149,999 .....	16.9	18.3	22.5	16.7	13.3	14.1
\$150,000 to \$199,999 .....	7.4	10.3	13.1	6.2	5.6	5.7
\$200,000 or more .....	6.9	10.7	14.4	4.4	6.5	5.8
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Median household income .. \$67,788      \$81,059      \$100,098      \$65,109      \$55,251      \$57,574

<u>Household Income</u>	Village of Elk Grove	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows	Village of Wheeling
Under \$10,000 .....	3.7%	3.1%	3.8%	3.5%	5.4%
\$10,000 to \$14,999 .....	2.1	2.3	2.5	4.4	4.5
\$15,000 to \$24,999 .....	9.0	6.8	7.4	8.8	9.4
\$25,000 to \$34,999 .....	8.4	9.8	9.6	8.1	9.8
\$35,000 to \$49,999 .....	12.7	13.1	14.9	11.7	13.1
\$50,000 to \$74,999 .....	18.8	18.2	20.7	19.8	22.6
\$75,000 to \$99,999 .....	14.8	15.8	14.3	15.7	12.7
\$100,000 to \$149,999 .....	20.6	17.7	13.8	16.6	12.8
\$150,000 to \$199,999 .....	5.9	6.4	6.9	5.7	5.9
\$200,000 or more .....	4.1	6.9	6.2	5.6	3.9
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Median household income .. \$68,527      \$69,520      \$61,442      \$62,299      \$56,110

Source: American Community Survey, 2011-2015 American Community Survey 5-year Estimates, Census Bureau  
Please note that total of the columns may not equal 100.0% due to rounding.

## Housing

The following table sets forth the distribution of home values for owner-occupied units as well as the median home value and percent owner-occupied of the District, the Villages and the Cities compared to the County and the State.

Value of Specified Owner-Occupied Units	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County	The State
Less than \$50,000 .....	4.8%	2.6%	3.6%	5.9%	4.3%	7.6%
\$50,000 to \$99,999 .....	7.7	5.9	4.1	5.0	9.8	16.3
\$100,000 to \$149,999 .....	8.8	6.9	7.7	10.7	14.2	16.8
\$150,000 to \$199,999 .....	10.9	6.5	10.4	14.2	16.8	16.6
\$200,000 to \$299,999 .....	28.9	22.8	25.6	41.5	23.6	20.4
\$300,000 to \$499,999 .....	31.4	41.2	37.8	19.9	19.8	14.9
\$500,000 to \$999,999 .....	6.8	12.8	10.7	2.7	9.0	5.9
\$1,000,000 or more .....	0.7	1.2	0.1	0.1	2.4	1.5
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value .....	\$262,600	\$320,600	\$294,500	\$234,400	\$218,700	\$173,800
Owner-occupied .....	72.10%	75.50%	79.10%	78.20%	57.00%	66.40%

Value of Specified Owner-Occupied Units	Village of Elk Grove Village	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows	Village of Wheeling
Less than \$50,000 .....	2.5%	3.1%	4.8%	3.4%	6.4%
\$50,000 to \$99,999 .....	5.1	3.6	17.0	9.6	13.0
\$100,000 to \$149,999 .....	6.9	5.9	8.4	10.2	17.1
\$150,000 to \$199,999 .....	14.9	6.1	8.6	19.0	23.0
\$200,000 to \$299,999 .....	38.6	35.0	18.3	30.4	20.9
\$300,000 to \$499,999 .....	28.1	39.6	31.0	21.5	18.0
\$500,000 to \$999,999 .....	3.9	5.7	11.7	5.9	1.6
\$1,000,000 or more .....	0.1	1.1	0.3	0.0	0.0
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value .....	\$257,200	\$290,900	\$257,400	\$222,000	\$172,200
Owner-occupied .....	73.80%	69.90%	71.40%	71.20%	62.40%

Source: American Community Survey, 2011-2015 American Community Survey 5-year Estimates, Census Bureau  
Please note that total of the columns may not equal 100.0% due to rounding.

## Residential Housing Building Permits

The following table sets forth the reported number of residential building permits issued and relative construction costs in the Villages and Cities for each of the years listed.

Year	Village of <u>Arlington Heights</u>		Village of <u>Buffalo Grove</u>		City of <u>Des Plaines</u>	
	Reported Number of	Construction Cost	Reported Number of	Construction Cost	Reported Number of	Construction Cost
	<u>Building Permits</u>		<u>Building Permits</u>		<u>Building Permits</u>	
2012.....	36	\$ 14,796,822	15	\$ 2,726,000	19	4,013,850
2013.....	55	21,521,865	6	864,000	31	6,558,700
2014.....	97	32,624,704	8	2,179,000	4	2,312,175
2015.....	142	46,330,925	23	9,355,830	8	2,365,980
2016.....	134	56,018,328	17	6,452,830	28	14,749,275
2017 <sup>(1)</sup> .....	78	27,691,791	5	1,615,710	8	3,450,740

Year	Village of <u>Elk Grove Village</u>		Village of <u>Mount Prospect</u>		City of <u>Prospect Heights</u>	
	Reported Number of	Construction Cost	Reported Number of	Construction Cost	Reported Number of	Construction Cost
	<u>Building Permits</u>		<u>Building Permits</u>		<u>Building Permits</u>	
2012.....	1	\$ 300,000	3	\$ 8,561,029	3	\$ 743,208
2013.....	0	0	9	11,900,000	15	3,267,746
2014.....	0	0	8	4,975,000	16	3,515,484
2015.....	0	0	6	2,451,700	2	900,000
2016.....	0	0	5	1,545,000	2	1,045,000
2017 <sup>(1)</sup> .....	0	0	1	300,000	0	0

Year	City of <u>Rolling Meadows</u>		Village of <u>Wheeling</u>	
	Reported Number of	Construction Cost	Reported Number of	Construction Cost
	<u>Building Permits</u>		<u>Building Permits</u>	
2012.....	0	\$ -	14	\$ 2,310,000
2013.....	7	2,153,000	15	2,711,000
2014.....	5	1,378,000	3	9,450,000
2015.....	11	4,606,554	9	28,743,843
2016.....	33	4,909,550	30	18,477,358
2017 <sup>(1)</sup> .....	7	1,588,000	0	0

(1) Through May 2017.  
Source: U.S. Census

## Retail Sales

The following table demonstrates the estimated sales reported by retailers in the Villages and the Cities for the last five calendar years and through the first quarter of 2017.

City or Village	2012	2013	2014	2015	2016	2017 <sup>(2)</sup>
Arlington Heights.....	\$1,035,793,029	\$1,117,087,211	\$1,193,437,412	\$1,201,008,818	\$1,242,114,443	\$272,448,938
Buffalo Grove..... <sup>(1)</sup>	100,515,993	105,001,418	113,761,707	128,041,402	120,017,843	28,228,155
Des Plaines.....	877,703,439	1,248,107,142	1,121,400,733	1,074,465,424	1,138,788,224	265,211,172
Elk Grove Village..... <sup>(1)</sup>	706,987,576	798,361,382	824,135,568	871,479,852	917,023,024	214,652,298
Mount Prospect.....	1,104,040,347	1,234,215,358	1,328,544,125	1,512,665,017	1,634,457,336	392,508,490
Prospect Heights.....	71,144,372	75,339,381	97,011,750	85,969,531	91,543,100	22,673,231
Rolling Meadows.....	297,885,567	307,592,863	331,896,655	335,423,282	366,559,339	85,170,160
Wheeling..... <sup>(1)</sup>	445,503,323	499,623,246	539,370,094	619,845,721	573,462,855	113,947,832

(1) Cook County portion only.

(2) Through the first quarter of 2017.

Source: The Department of Revenue

## Employment by Occupation

The District has an employment base provided by a range of manufacturing, commercial and public enterprises. The following table categorizes occupations for residents 16 years of age and older living in the District, the Villages and the Cities compared with the County and the State.

Occupational Category	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County	The State
Management, business, science, and arts occupations.....	40.7%	51.6%	57.4%	38.4%	38.3%	36.8%
Service occupations.....	15.6	11.4	9.0	14.5	18.2	17.4
Sales and office occupations.....	25.6	24.7	24.8	26.4	24.4	24.5
Natural resources, construction, and maintenance occupations.....	5.8	4.4	3.1	7.2	6.1	7.3
Production, transportation, and material moving occupations.....	12.4	7.9	5.7	13.4	13.0	13.9
Totals .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Occupational Category	Village of Elk Grove	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows	Village of Wheeling
Management, business, science, and arts occupations.....	37.5%	40.4%	35.2%	38.2%	33.0%
Service occupations.....	13.3	15.9	19.4	16.8	19.7
Sales and office occupations.....	31.4	24.8	23.5	26.4	25.1
Natural resources, construction, and maintenance occupations.....	6.9	5.1	7.2	7.1	5.7
Production, transportation, and material moving occupations.....	11.0	13.9	14.8	11.5	16.5
Totals .....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2011-2015 American Community Survey 5-year Estimates, Census Bureau  
Please note that total of the columns may not equal 100.0% due to rounding.

## Employment by Industry

The following table categorizes employment by industry for residents 16 years of age and older living in the District, the Villages and the Cities compared with the County and the State.

<u>Industry Category</u>	<u>The District</u>	<u>Village of Arlington Heights</u>	<u>Village of Buffalo Grove</u>	<u>City of Des Plaines</u>	<u>The County</u>	<u>The State</u>
Agriculture, forestry, fishing, hunting, and mining.....	0.2%	0.2%	0.2%	0.2%	0.2%	1.1%
Construction.....	5.4	4.7	2.2	6.3	4.6	5.1
Manufacturing.....	14.7	12.6	12.7	13.3	10.3	12.6
Wholesale trade.....	4.0	4.1	4.4	3.7	2.8	3.0
Retail trade.....	10.2	9.7	11.0	12.1	10.1	11.0
Transportation, warehousing, and utilities.....	6.1	5.2	3.7	7.0	6.4	5.9
Information.....	2.3	2.5	2.9	2.3	2.3	2.0
Finance, insurance, real estate, rental and leasing.....	7.8	8.7	11.6	7.7	8.1	7.3
Professional, scientific, management, administrative and waste management services.....	13.5	14.6	16.6	11.4	13.9	11.4
Educational services, health care and social assistance.....	20.4	22.8	22.1	21.2	22.8	23.0
Arts, entertainment recreation accommodation and food services.....	8.8	7.6	6.6	8.1	9.9	9.1
Other services, except public administration .....	4.7	4.7	4.3	4.8	5.0	4.7
Public administration.....	2.1	2.6	1.6	2.0	3.6	3.8
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

<u>Industry Category</u>	<u>Village of Elk Grove Village</u>	<u>Village of Mount Prospect</u>	<u>City of Prospect Heights</u>	<u>City of Rolling Meadows</u>	<u>Village of Wheeling</u>
Agriculture, forestry, fishing, hunting, and mining.....	0.1%	0.0%	0.0%	0.1%	0.2%
Construction.....	6.6	5.5	7.9	7.1	3.8
Manufacturing.....	14.9	15.5	15.2	14.7	15.8
Wholesale trade.....	3.9	3.3	4.8	4.5	4.7
Retail trade.....	10.3	9.0	9.4	8.3	12.8
Transportation, warehousing, and utilities.....	8.6	6.6	4.2	5.8	6.2
Information.....	2.9	2.4	0.4	1.5	2.6
Finance, insurance, real estate, rental and leasing.....	8.0	8.7	8.6	7.6	6.0
Professional, scientific, management, administrative and waste management services.....	12.2	12.9	13.3	13.1	13.6
Educational services, health care and social assistance.....	17.8	20.1	20.2	21.0	16.7
Arts, entertainment recreation accommodation and food services.....	6.9	9.4	8.7	11.0	11.2
Other services, except public administration .....	5.8	4.5	5.4	2.8	5.1
Public administration.....	2.0	2.2	1.8	2.5	1.2
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2011-2015 American Community Survey 5-year Estimates, Census Bureau  
Please note that total of the columns may not equal 100.0% due to rounding.

## Largest Area Employers

The following table reflects the major employers in the area surrounding the District by the products manufactured or services performed and approximate number of employees.

Company Name	Product or Service	Location	Approximate employees at location
Northwest Community Healthcare.....	Community hospital.....	Arlington Heights	4,000
Alexian Bros. Medical Center.....	Regional medical center.....	Elk Grove Village	3,100
Northrop Grumman Corp.....	Electronic equipment.....	Rolling Meadows	1,900
Siemens.....	Building control systems.....	Buffalo Grove	1,800
Automatic Data Processing, Inc.....	Payroll services.....	Elk Grove Village	1,500
UOP, LLC.....	Research and development for the petroleum industry.....	Des Plaines	1,500
Durable Packaging International, Inc.....	Aluminum foil & plastic products.....	Wheeling	1,500
HSBC Finance Corp.....	Consumer financial services.....	Arlington Heights	1,500
I.S.I.....	Management consulting.....	Buffalo Grove	1,200
Presence Holy Family Medical Center.....	Acute care hospital.....	Des Plaines	1,036
Clearbrook.....	Charitable organization.....	Arlington Heights	1,000
Swissport USA, Inc.....	International airline cargo services.....	Des Plaines	1,000

Source: 2017 Manufacturers' News, Inc. Illinois Manufacturers and Illinois Services Directories

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## Historical Unemployment Statistics

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates as well as the current monthly unemployment rates for June 2016 and 2017 for the Villages and the Cities compared with the County and the State.

	<u>Village of Arlington Heights</u>	<u>Village of Buffalo Grove</u>	<u>City of Des Plaines</u>	<u>Village of Elk Grove Village</u>	<u>Village of Mount Prospect</u>
Average, 2012.....	7.3%	6.8%	8.5%	8.2%	7.4%
Average, 2013.....	7.0	6.6	8.4	8.1	7.2
Average, 2014.....	5.5	5.3	6.4	5.9	5.6
Average, 2015.....	4.4	4.4	5.2	5.1	4.4
Average, 2016.....	4.6	4.4	5.2	5.0	4.6
June, 2016.....	4.9	4.3	5.2	5.2	4.9
June, 2017.....	4.0	4.0	4.2	4.0	3.7

	<u>City of Prospect Heights</u>	<u>City of Rolling Meadows</u>	<u>Village of Wheeling</u>	<u>The County</u>	<u>The State</u>
Average, 2012.....	8.0%	8.2%	8.0%	9.6%	9.0%
Average, 2013.....	7.7	8.3	7.9	9.7	9.1
Average, 2014.....	5.9	6.5	6.0	7.5	7.1
Average, 2015.....	4.9	4.9	4.8	6.2	5.9
Average, 2016.....	4.7	5.0	4.8	6.2	5.9
June, 2016.....	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	4.7	6.5	6.0
June, 2017.....	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	3.6	5.2	5.0

(1) There is no monthly data available for the City of Prospect Heights and the City of Rolling Meadows as they are communities with a population of less than 25,000.

Source: Illinois Department of Employment Security

**FINANCIAL INFORMATION**

**Trend of EAV**

(Estimated 33-1/3% of Fair Market Value)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> <sup>(4)</sup>
Residential .....	\$ 5,244,899,906	\$ 4,330,742,614	\$ 4,567,531,478	\$ 4,443,829,971	
Farm .....	54,096	53,051	165,101	87,051	
Commercial .....	1,576,009,667	1,486,378,374	1,556,751,477	1,517,212,307	
Industrial .....	1,831,122,170	1,600,436,424	1,418,539,598	1,396,497,428	
Railroad .....	4,447,858	5,251,435	5,687,937	6,859,236	
Total <sup>(1)</sup> .....	<u>\$ 8,656,533,697</u>	<u>\$ 7,422,861,898</u>	<u>\$ 7,548,675,591</u>	<u>\$ 7,364,485,993</u>	<u>\$ 8,544,564,082</u>
Percent of Change.....	-8.13% <sup>(2)</sup>	-14.25% <sup>(3)</sup>	1.69%	-2.44%	16.02% <sup>(3)</sup>
New Property.....	\$ 24,146,250	\$ 30,732,921	\$ 34,083,565	\$ 34,008,900	\$ 86,052,946

(1) Excludes tax increment financing (“TIF”) incremental EAV. The 2016 incremental EAV was \$202,210,382. See “Tax Increment Financing Districts Located within the District” herein.

(2) Based on the District’s 2011 EAV of \$9,423,021,782.

(3) Reflects triennial reassessment year.

(4) County property type breakdown is not available at this time.

Source: County Clerk’s Office

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## Tax Increment Financing Districts Located within the District

A portion of the District’s EAV is contained in TIF districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the “Base EAV”). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The TIF districts are not expected to expire in the near future. The District is aware that the Village of Elk Grove Village is in very early discussion stage of a proposed new TIF that partially overlaps within the existing Downtown 1 TIF. The District has a revenue surplus agreement with the some of the TIF districts. Since fiscal year 2008, the District has received \$11,069,810. The District received approximately \$1.411 million in fiscal year 2017. This amount is expected to decrease because the Mount Prospect Downtown TIF District has been dissolved. The District, however, will receive more tax moneys as it accesses the corresponding “recovered tax increment value.” See the note below.

<u>Location</u>	<u>Year Established</u>	<u>Base EAV</u>	<u>2016 EAV</u>	<u>Incremental EAV</u>
Village of Arlington Heights - Hickory/Kensing.....	2014	\$ 8,634,983	\$ 13,655,082	\$ 5,020,099
Village of Arlington Heights - Golf/Arlington Hts...	2002	5,971,996	11,602,859	5,630,863
Village of Arlington Heights - 3.....	1994	923,618	4,497,280	3,573,662
Village of Arlington Heights - 5.....	2005	30,180,546	31,236,640	1,056,094
City of Des Plaines - 3.....	2000	3,807,465	18,411,261	14,603,796
Village of Elk Grove Village - Busse/Elmhurst.....	2014	302,233,159	350,356,021	48,122,862
Village of Elk Grove Village - Grove Mall.....	1999	656,127	16,471,132	15,815,005
City of Prospect Heights.....	1997	14,770,722	19,829,624	5,058,902
City of Prospect Heights - Palatine Road.....	1997	2,376,261	1,278,786	-
City of Rolling Meadows - Kirchoff/Owl Dr.....	2002	1,541,944	4,047,848	2,505,904
City of Rolling Meadows - Golf Rd Conservation...	2015	13,057,833	24,720,505	11,662,672
Village of Wheeling - Town Center II.....	2014	36,124,041	42,773,531	6,649,490
Village of Wheeling - Southeast II.....	2014	41,639,362	47,493,560	5,854,198
Village of Wheeling - Milwaukee/Lake-Cook.....	2002	24,748,756	65,310,497	40,561,741
Village of Wheeling - Milwaukee/Manchester.....	2000	1,694,510	14,269,301	12,574,791
Village of Wheeling - Milwaukee Ave Corr.....	1985 <sup>(1)</sup>	12,923,635	36,443,938	23,520,303
Total.....		<u>\$ 501,284,958</u>	<u>\$ 702,397,865</u>	<u>\$ 202,210,382</u>

(1) Extended to 2019.

Note: The Village Board of the Village of Mount Prospect voted on October 18, 2016, to dissolve the Mount Prospect Downtown TIF District, effective the end of 2016. The incremental EAV within this TIF District will become “recovered tax increment value” (as defined in the Limitation Law) for the District. Such Village Board has commenced the establishment of a new TIF District in Mount Prospect’s downtown. This proposed Prospect and Main TIF District would include commercial properties along Prospect Avenue and Northwest Highway and some properties in the existing TIF District that have yet to be redeveloped. The District has filed suit in connection with this new TIF District. Discussion between the District and the Village of Mount Prospect are ongoing regarding this litigation.

Source: County Clerk’s Office

**Tax Rates**  
(Per \$100 EAV)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Statutory <u>Maximum Rate</u>
Education <sup>(1)</sup> .....	\$ 1.748	\$ 2.083	\$ 2.092	\$ 2.179	\$ 1.913	\$3.500
O&M .....	0.347	0.424	0.417	0.435	0.351	0.550
Transportation .....	0.087	0.101	0.093	0.088	0.101	N/A
Liability Insurance.....	0.000	0.000	0.000	0.000	0.000	N/A
IMRF.....	0.035	0.054	0.061	0.060	0.054	N/A
Social Security .....	0.058	0.047	0.054	0.057	0.052	N/A
Working Cash.....	0.000	0.000	0.000	0.000	0.000	0.050
Bond and Interest.....	0.038	0.045	0.045	0.046	0.040	N/A
Special Education.....	0.012	0.014	0.013	0.016	0.015	0.400
<b>Total.....</b>	<b>\$ 2.324</b>	<b>\$ 2.768</b>	<b>\$ 2.776</b>	<b>\$ 2.881</b>	<b>\$ 2.526</b>	

(1) Pursuant to Public Act 100-0465, beginning with levy year 2017, the District will no longer have a maximum tax rate for educational fund purposes, provided that the aggregate tax rate for the various purposes subject to the Limitation Law does not exceed the District’s limiting rate under the Limitation Law.

Source: County Clerk’s Office

**Representative Tax Rates for Property within the District**  
(Per \$100 EAV)

The following table of representative tax rates is for a resident of the District living in the Village of Elk Grove Village.

<u>Taxing Body</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
The District.....	\$ 2.324	\$ 2.768	\$ 2.776	\$ 2.881	\$ 2.526
The County.....	0.531	0.560	0.568	0.552	0.533
Cook County Forest Preserve.....	0.063	0.069	0.069	0.069	0.063
Consolidated Elections.....	0.000	0.031	0.000	0.034	0.000
Elk Grove Township..... <sup>(1)</sup>	0.092	0.111	0.111	0.113	0.095
Northwest Mosquito Abatement District.....	0.011	0.013	0.013	0.011	0.010
Metropolitan Water Reclamation District.....	0.370	0.417	0.430	0.426	0.406
Village of Elk Grove Village..... <sup>(2)</sup>	1.147	1.306	1.286	1.365	1.279
Elk Grove Park District.....	0.711	0.805	0.810	0.827	0.749
School District Number 59.....	2.673	3.172	3.176	3.291	2.998
Community College District No. 512.....	0.373	0.444	0.451	0.466	0.416
<b>Total.....</b>	<b>\$ 8.295</b>	<b>\$ 9.696</b>	<b>\$ 9.690</b>	<b>\$ 10.035</b>	<b>\$ 9.075</b>

(1) Includes township road district and general assistance.

(2) Includes village library fund.

Source: County Clerk’s Office

## Tax Extensions and Collections

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> <sup>(1)</sup>
Extensions .....	\$201,107,855	\$205,449,414	\$209,543,954	\$212,165,068	\$215,921,134
Collections .....	195,471,436	200,174,444	207,507,072	212,244,207	112,869,243
% Collected .....	97.20%	97.43%	99.03%	100.04%	52.27%

(1) As of July 27, 2017.

Source: Cook County Treasurer's Office

## Largest Taxpayers

The taxpayers listed below represent 4.05% of the District's 2016 EAV which is \$8,544,564,082 (which excludes TIF incremental EAV totaling \$202,210,382). Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

<u>Taxpayer</u>	<u>2016 EAV</u>	<u>% of EAV</u>
Prologis .....	\$ 61,170,902	0.83%
Tarantula Ventures LLC.....	33,291,134	0.45%
WSC ASPCT Holdings SVII.....	32,901,226	0.45%
Luther Village.....	32,224,491	0.44%
DLC Management Corp.....	26,458,780	0.36%
United Airlines.....	24,802,012	0.34%
Arlington Racetrack.....	22,361,937	0.30%
Regent O'Hare.....	22,056,791	0.30%
Arthur G. Gallagher & Co.....	21,952,345	0.30%
Atrium Corp Center LLC.....	20,829,214	0.28%
Total.....	<u>\$ 298,048,832</u>	<u>4.05%</u>

Source: County Clerk's Office

## Summary of Outstanding Debt

Shown below is a summary of the outstanding debt of the District as of the closing of the Bonds and the refunding of the Refunded Bonds.

Issue Description	Dated Date	Original Amount of Issue	Current Amount Outstanding	Final Maturity Date
2007 Bonds.....	05/10/07	\$ 18,365,000	\$ 1,270,000	12/01/17
2008 Bonds.....	07/30/08	9,525,000	340,000	12/01/17
Taxable Debt Certificates, Series 2009B (BAB) <sup>(1)</sup> .....	12/08/09	15,410,000	9,545,000	12/01/19
G.O. Limited School Bonds, Series 2011.....	12/01/11	10,000,000	10,000,000	12/01/31
G.O. Limited School Bonds, Series 2012.....	02/09/12	10,000,000	10,000,000	12/01/31
G.O. Limited Refunding School Bonds, Series 2016....	11/21/16	8,815,000	8,815,000	12/01/26
The Bonds.....	09/28/17	8,900,000	8,900,000	12/01/26
Total .....			<u>\$ 48,870,000</u>	

(1) The “2009B Certificates.”

## Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding debt of the District as of the closing of the Bonds and the refunding of the Refunded Bonds.

Fiscal Year	Principal Outstanding	Less: The Refunded Bonds	The Bonds	Total Principal	Cumulative Amount	Retirement Percent
2018	\$ 4,930,000	\$ -	\$ -	\$ 4,930,000	\$ 4,930,000	10.09%
2019	5,125,000	(1,675,000)	1,915,000	5,365,000	10,295,000	21.07
2020	5,350,000	(1,740,000)	1,955,000	5,565,000	15,860,000	32.45
2021	2,150,000	(1,430,000)	1,635,000	2,355,000	18,215,000	37.27
2022	2,300,000	(625,000)	730,000	2,405,000	20,620,000	42.19
2023	2,410,000	(660,000)	745,000	2,495,000	23,115,000	47.30
2024	2,520,000	(685,000)	760,000	2,595,000	25,710,000	52.61
2025	2,635,000	(715,000)	780,000	2,700,000	28,410,000	58.13
2026	2,610,000	(750,000)	210,000	2,070,000	30,480,000	62.37
2027	2,780,000	(785,000)	170,000	2,165,000	32,645,000	66.80
2028	3,385,000	-	-	3,385,000	36,030,000	73.73
2029	3,570,000	-	-	3,570,000	39,600,000	81.03
2030	3,735,000	-	-	3,735,000	43,335,000	88.67
2031	3,980,000	-	-	3,980,000	47,315,000	96.82
2032	1,555,000	-	-	1,555,000	48,870,000	100.00
	<u>\$ 49,035,000</u>	<u>\$ (9,065,000)</u>	<u>\$ 8,900,000</u>	<u>\$ 48,870,000</u>		

**Overlapping Bonded Debt**  
(As of July 25, 2017)

<u>Taxpayer</u>	<u>Bonded Debt<sup>(1)</sup></u>	<u>Allocated to the District</u>	
		<u>Percent<sup>(2)</sup></u>	<u>Amount</u>
The County.....	\$ 3,237,391,750	5.950%	\$ 192,628,396
Cook County Forest Preserve.....	106,265,000	5.950%	6,322,885
Metropolitan Water Reclamation District.....	2,484,843,000	6.066%	150,719,705
Village of Arlington Heights.....	63,770,000	98.743%	62,968,384
Village of Buffalo Grove.....	15,640,000	20.755%	3,246,018
City of Des Plaines.....	475,000	16.540%	78,566
Village of Elk Grove Village.....	73,085,000	75.299%	55,032,041
Village of Mount Prospect.....	42,585,000	99.802%	42,500,866
Village of Northbrook.....	108,015,000	1.078%	1,164,162
Village of Palatine.....	80,070,000	0.078%	62,347
City of Prospect Heights.....	11,430,000	95.919%	10,963,542
City of Rolling Meadows.....	7,110,000	60.548%	4,304,986
Village of Wheeling.....	58,935,000	99.423%	58,595,160
Prospect Heights Special Service Area 6.....	2,015,000	100.000%	2,015,000
Arlington Heights Park District.....	18,485,000	99.935%	18,472,908
Buffalo Grove Park District.....	8,330,000	23.809%	1,983,318
Des Plaines Park District.....	3,045,000	1.765%	53,743
Elk Grove Park District.....	5,940,000	81.816%	4,859,884
Mount Prospect Park District.....	6,839,000	100.000%	6,839,000
Northbrook Park District.....	6,110,000	1.039%	63,492
Prospect Heights Park District.....	569,310	100.000%	569,310
River Trails Park District.....	830,540	100.000%	830,540
Rolling Meadows Park District.....	2,184,000	74.354%	1,623,881
Salt Creek Rural Park District.....	667,000	30.514%	203,526
Wheeling Park District.....	1,315,000	93.346%	1,227,499
School District Number 15.....	38,343,561	13.699%	5,252,669
School District Number 21.....	33,950,000	100.000%	33,950,000
School District Number 23.....	8,380,000	100.000%	8,380,000
School District Number 25.....	42,205,000	99.942%	42,180,323
School District Number 26.....	9,360,000	92.256%	8,635,174
School District Number 57.....	8,295,000	100.000%	8,295,000
School District Number 59.....	15,235,000	100.000%	15,235,000
Harper Community College No. 512.....	155,190,000	45.006%	69,844,267
Oakton Community College No. 535.....	29,895,000	0.107%	32,056
Total.....			<u>\$ 819,133,647</u>

(1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds do not constitute indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on such alternate revenue bonds are extended for collection by the County Clerk. The District provides no assurance that any of the taxes so levied have not been extended, nor can the District predict whether any of such taxes will be extended in the future.

(2) Applicable amounts are calculated using the actual percentages; percentages shown have been rounded to the nearest thousandth.

Source: With respect to the applicable taxing bodies and the percentage of overlapping EAV, the County Clerk's Office. Information regarding the outstanding indebtedness of the overlapping taxing bodies was obtained from publicly-available sources.

**Debt Statement**

General Obligation Direct Bonded Debt.....	\$49,035,000
Less: Refunded Bonds.....	(\$9,065,000)
The Bonds.....	\$8,900,000
Leases.....	\$1,092,564
Net Direct Debt .....	\$49,962,564
Overlapping Bonded Debt.....	\$819,133,647
Net Direct and Overlapping Bonded Debt.....	\$869,096,211
EAV (2016) <sup>(1)</sup> .....	\$8,544,564,082
Statutory Debt Limit (6.9% of EAV).....	\$589,574,921
Statutory Debt Margin .....	\$539,612,357

(1) Excludes TIF incremental EAV. The 2016 TIF incremental EAV was \$202,210,382. See “Tax Increment Financing Districts Located within the District” herein.

**Debt Ratios**

Estimated Market Valuation, 2016.....	\$25,633,692,246
EAV, 2016 <sup>(1)</sup> .....	\$8,544,564,082
2011-2015 American Community Survey Population Estimate.....	253,360
Net Direct Debt to EAV.....	0.58%
Net Direct Debt to Estimated Market Valuation.....	0.19%
Net Direct Debt and Overlapping Bonded Debt to EAV.....	10.17%
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation.....	3.39%
Net Direct Debt Per Capita.....	\$197.20
Net Direct and Overlapping Bonded Debt Per Capita.....	\$3,430.28

(1) Excludes TIF incremental EAV. The 2016 TIF incremental EAV was \$202,210,382. See “Tax Increment Financing Districts Located within the District” herein.

**Short-Term Financing Record**

In the last five years, the District has not issued any tax anticipation warrants or revenue anticipation notes that are currently outstanding and has no plans to issue tax anticipation warrants or revenue anticipation notes in the foreseeable future.

**Future Financing**

The District does not intend to issue any additional long-term debt in the next six months.

**Default Record**

The District has no record of default and has met its debt repayment obligations promptly.

**SUMMARY OF OPERATING RESULTS**

**Combined Educational Fund and Operations and Maintenance Fund Revenue Sources**  
(Years Ended June 30)

Below is a combined summary of the Educational Fund and Operations and Maintenance Fund revenue sources exclusive of “on-behalf of” payments made by the State to TRS, as defined herein. This summary is provided since the rating agency previously combined these funds as the “General Fund” in its report. However, the District’s General Fund in its Audited Financial Statements includes the Educational Fund and Working Cash Fund.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Local Sources.....	91.41 %	90.30 %	91.10 %	91.36 %	92.83 %
Flow-through Receipts.....	0.05	-	-	-	-
State Sources:					
General Aid.....	2.53	2.47	2.51	2.50	2.75
Supplementary General Aid.....	-	-	-	-	-
Mandated Categorical.....	2.77	3.13	2.92	3.04	1.76
Competitive Grant Aid.....	<u>0.72</u>	<u>0.62</u>	<u>0.62</u>	<u>0.58</u>	<u>0.24</u>
Total State Sources.....	6.02	6.23	6.05	6.12	4.76
Federal Sources.....	<u>2.52</u>	<u>3.47</u>	<u>2.85</u>	<u>2.52</u>	<u>2.41</u>
Total.....	<u><u>100.00 %</u></u>				

Source: Compiled from the District’s Annual Financial Reports filed with the Illinois State Board of Education (“ISBE”) for fiscal years ended June 30, 2012-2016.

## Summary of Operating Funds and Debt Service Fund (Years Ended June 30)

Below is a combined summary of the operating funds of the District (consisting of the Educational Fund, Operations and Maintenance Fund, Transportation Fund, Working Cash Fund, IMRF/Social Security Fund and Tort Fund) in addition to the Debt Service Fund exclusive of “on-behalf of” payments made by the State to TRS. The District’s General Fund in its Audited Financial Statements includes the Educational Fund and Working Cash Fund.

	Educational Fund	Operations and Maintenance Fund	Combined Educational Fund and Operations and Maintenance Fund	Transportation Fund	Working Cash Fund <sup>(1)</sup>	IMRF/Social Security Fund	Tort Fund	Debt Service Fund	Combined Operating Funds and Debt Service Fund
<b>2013</b>									
Receipts.....	\$ 185,815,541	\$ 29,969,888	\$ 215,785,429	\$ 11,216,453	\$ 232,236	\$ 8,282,028	\$ -	\$ 3,420,900	\$ 238,937,046
Disbursements.....	178,519,092	22,484,909	201,004,001	8,474,264	-	8,029,590	15,992	7,363,838	224,887,685
Net Surplus (Deficit).....	7,296,449	7,484,979	14,781,428	2,742,189	232,236	252,438	(15,992)	(3,942,938)	14,049,361
Other Sources (Uses).....	(264,806)	(3,163,024) <sup>(2)</sup>	(3,427,830)	-	(506,254)	-	-	3,934,084 <sup>(2)</sup>	-
Beginning Fund Balance.....	50,862,822	22,144,932	73,007,754	4,942,065	55,754,914	5,408,300	278,745	824,689	140,216,467
Ending Fund Balance.....	\$ 57,894,465	\$ 26,466,887	\$ 84,361,352	\$ 7,684,254	\$ 55,480,896	\$ 5,660,738	\$ 262,753	\$ 815,835	\$ 154,265,828
<b>2014</b>									
Receipts.....	\$ 188,706,231	\$ 31,400,345	\$ 220,106,576	\$ 10,582,772	\$ 123,772	\$ 8,005,379	\$ -	\$ 3,459,233	\$ 242,277,732
Disbursements.....	179,898,363	25,502,274	205,400,637	8,621,328	-	8,264,646	262,753	7,319,754	229,869,118
Net Surplus (Deficit).....	8,807,868	5,898,071	14,705,939	1,961,444	123,772	(259,267)	(262,753)	(3,860,521)	12,408,614
Other Sources (Uses).....	(216,366)	(3,185,774) <sup>(2)</sup>	(3,402,140)	-	(350,000)	-	-	3,752,140 <sup>(2)</sup>	-
Beginning Fund Balance.....	57,894,465	26,466,887	84,361,352	7,684,254	55,480,896	5,660,738	262,753	815,835	154,265,828
Ending Fund Balance.....	\$ 66,485,967	\$ 29,179,184	\$ 95,665,151	\$ 9,645,698	\$ 55,254,668	\$ 5,401,471	\$ -	\$ 707,454	\$ 166,674,442
<b>2015</b>									
Receipts.....	\$ 192,989,990	\$ 32,203,714	\$ 225,193,704	\$ 10,286,851	\$ 139,769	\$ 8,397,041	\$ -	\$ 3,496,807	\$ 247,514,172
Disbursements.....	186,046,457	26,084,818	212,131,275	8,240,634	-	8,257,336	-	7,266,118	235,895,363
Net Surplus (Deficit).....	6,943,533	6,118,896	13,062,429	2,046,217	139,769	139,705	-	(3,769,311)	11,618,809
Other Sources (Uses).....	(2,768,848)	(6,413,548) <sup>(2)</sup>	(9,182,396)	-	(1,750,000) <sup>(3)</sup>	-	-	3,725,610 <sup>(2)</sup>	(7,206,786)
Beginning Fund Balance.....	66,485,967	29,179,184	95,665,151	9,645,698	55,254,668	5,401,471	-	707,454	166,674,442
Ending Fund Balance.....	\$ 70,660,652	\$ 28,884,532	\$ 99,545,184	\$ 11,691,915	\$ 53,644,437	\$ 5,541,176	\$ -	\$ 663,753	\$ 171,086,465
<b>2016</b>									
Receipts.....	\$ 189,781,214	\$ 33,013,367	\$ 222,794,581	\$ 9,030,294	\$ 167,869	\$ 9,055,101	\$ -	\$ 3,537,295	\$ 244,585,140
Disbursements.....	190,054,061	23,464,224	213,518,285	8,807,884	-	8,308,186	-	6,836,695	237,471,050
Net Surplus (Deficit).....	(272,847)	9,549,143	9,276,296	222,410	167,869	746,915	-	(3,299,400)	7,114,090
Other Sources (Uses).....	187,594	(7,740,775) <sup>(2)</sup>	(7,553,181)	-	(24,700,000) <sup>(3)</sup>	-	-	3,438,281 <sup>(2)</sup>	(28,814,900)
Beginning Fund Balance.....	70,660,652	28,884,532	99,545,184	11,691,915	53,644,437	5,541,176	-	663,753	171,086,465
Ending Fund Balance.....	\$ 70,575,399	\$ 30,692,900	\$ 101,268,299	\$ 11,914,325	\$ 29,112,306	\$ 6,288,091	\$ -	\$ 802,634	\$ 149,385,655
<b>Preliminary 2017</b>									
Receipts.....	\$ 197,056,967	\$ 32,662,071	\$ 229,719,038	\$ 9,974,718	\$ 121,205	\$ 9,089,340	\$ -	\$ 6,758,127	\$ 255,662,428
Disbursements.....	193,550,153	33,037,250	226,587,403	9,214,107	11,900,000	8,206,318	-	6,530,115	262,437,943
Net Surplus (Deficit).....	3,506,814	(375,179)	3,131,636	760,611	(11,778,795)	883,022	-	228,012	(6,775,515)
Transfer.....	-	-	-	-	-	-	-	-	-
Other Sources (Uses).....	-	-	-	-	-	-	-	-	-
Beginning Fund Balance.....	70,575,399	30,692,900	101,268,299	11,914,325	29,112,306	6,288,091	-	802,634	149,385,655
Ending Fund Balance.....	\$ 74,082,213	\$ 30,317,721	\$ 104,399,935	\$ 12,674,936	\$ 17,333,511	\$ 7,171,113	\$ -	\$ 1,030,646	\$ 142,610,140
Fund Balance as % of Disbursements.....	46.07%			54.34%					

(1) See “Working Cash Fund” herein for a description of the Working Cash Fund.

(2) Includes transfer to the Debt Service Fund to pay leases and debt certificates. The District transfers \$3.0 million per year from the Operations and Maintenance Fund to the Debt Service Fund to pay debt service on the District’s 2009B Certificates, which have a final maturity of December 1, 2019. The fiscal years ended June 30, 2015 and June 30, 2016 also include a transfer to the Capital Projects Fund for capital project purposes as part of its improvement program at its six high schools.

(3) Transfers to the Capital Project Fund for the improvement program at its six high schools.

Source: Compiled from the District’s Comprehensive Annual Financial Reports for fiscal years ended June 30, 2013-2016 and preliminary, unaudited fiscal year 2017 results provided by the District.

**On-Behalf Payments Summary**  
(Years Ended June 30)

Below is a history of “on-behalf payments” made by the State to TRS with respect to the pension costs associated with the pensions of current and former District employees. At present, the State maintains the primary responsibility for funding TRS with respect to the District’s employees, however, such payments by the State on-behalf of the District are treated in the District’s financial statement as flowing through the District to the State. As such, the District’s financial statements recognize revenues and expenditures each in an amount equal to the amount paid by the State to TRS on the District’s behalf. The amount of on-behalf payments may vary significantly from year to year as a result of factors entirely outside the District’s control, including, but not limited to, changes in the law governing the State’s contributions to TRS, investment returns on TRS assets and changes in actuarial assumptions and methods used in calculating TRS’s liability.

As noted in the paragraphs preceding the tables titled “Combined Educational Fund and Operations and Maintenance Fund Revenue Sources” (the “Revenue Sources Table”) and “Summary of Operating Funds and Debt Service Fund” (the “Fund Summary Table” and, together with the Revenue Sources Table, the “Financial Summary Tables”) above, the on-behalf payments have been excluded from the Financial Summary Tables for the purpose of isolating the revenues and expenditures derived from the District’s operations. However, as a result of this practice, the revenue and expenditure amounts used to make the calculations necessary to produce the Revenue Sources Table and the revenue and expenditure amounts set forth in the Fund Summary Table are inconsistent with the amount of revenues and expenditures set forth in the District’s respective audited financial statements for any fiscal year. For each fiscal year, the amount set forth in the table below constitutes the difference between the revenue and expenditure amounts in the financial statements and those used in, or used to produce, the Financial Summary Tables.

See the District’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 (the “Audit”), attached hereto as Appendix B, for additional information regarding the District’s on-behalf payments.

<u>Fiscal Year</u>	<u>On-Behalf Payments</u>
2012	\$ 25,187,770
2013	29,595,229
2014	37,436,912
2015	52,331,397
2016	57,215,265

Source: Compiled from the District’s Comprehensive Annual Financial Reports for fiscal years ended June 30, 2012-2016.

## **Working Cash Fund**

The District is authorized to issue (subject to the provisions of the Limitation Law) general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed \$0.05 per hundred dollars of EAV (the "Working Cash Fund Tax"). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

Any time moneys are available in the Working Cash Fund, they must be transferred to such other funds of the District and used for any and all school purposes so as to avoid, whenever possible, the issuance of tax anticipation warrants or notes. Interest earned from the investment of the Working Cash Fund may be transferred from the Working Cash Fund to other funds of the District that are most in need of the interest. Moneys in the Working Cash Fund may not be appropriated by the Board in the annual budget.

The District also has the authority to abate amounts in the Working Cash Fund to any other fund of the District if the amount on deposit in such other fund after the abatement will not constitute an excess accumulation of money in that fund and as long as the District maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then current value, as equalized or assessed by the Department of Revenue, of the taxable property in the District.

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the Educational Fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the Educational Fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the Educational Fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

## Budget Summary

Below is the District's budget summary that was filed with ISBE.

<u>Fund</u>	<u>Fund Balances July 1, 2016<sup>(1)</sup></u>	<u>FY17 Revenue</u>	<u>FY17 Expenditures</u>	<u>FY17 Transfers</u>	<u>Fund Balances June 30, 2017</u>
Education.....	\$ 70,575,399	\$ 198,200,000	\$ 199,600,000	\$ -	\$ 69,175,399
Operations & Maintenance.....	30,692,900	32,900,000	24,120,000	(8,780,000) <sup>(2)</sup>	30,692,900
Transportation.....	11,914,325	10,500,000	9,100,000	-	13,314,325
IMRF/Social Security.....	6,288,091	9,050,000	8,400,000	-	6,938,091
Working Cash.....	29,112,306	100,000	-	(11,900,000) <sup>(3)</sup>	17,312,306
<b>Total Operating Funds .....</b>	<b>\$ 148,583,021</b>	<b>\$ 250,750,000</b>	<b>\$ 241,220,000</b>	<b>\$ (20,680,000)</b>	<b>\$ 137,433,021</b>
Debt Service.....	\$ 802,634	\$ 3,420,000	\$ 6,700,000	\$ 3,280,000	\$ 802,634
Fire Prevention & Safety.....	-	-	-	-	-
Capital Projects.....	12,767,865	2,900,000	17,200,000	17,400,000 <sup>(4)</sup>	15,867,865
Tort.....	-	-	-	-	-
<b>Total All Funds .....</b>	<b>\$ 162,153,520</b>	<b>\$ 257,070,000</b>	<b>\$ 265,120,000</b>	<b>\$ -</b>	<b>\$ 154,103,520</b>

(1) The beginning fund balance was revised from the adopted budget to reflect the actual ending fund balance for the prior fiscal year. The budget is adopted before the audit for the prior fiscal year is available.

(2) Includes \$3,280,000 transfer to the Debt Service Fund to cover debt service payments for the 2009 Certificates as needed and \$5,500,000 of capital projects.

(3) Represents a transfer to the Capital Projects Fund as part of its improvement program at the District's six high schools.

(4) Includes a transfer for PE additions and music renovations at Wheeling and Elk Grove High Schools.

Source: The District

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Below is the District’s preliminary budget for the fiscal year ending June 30, 2018, subject to the approval of the Board.

<u>Fund</u>	Estimated				Estimated
	Fund Balances <u>June 30, 2017</u>	FY18 <u>Revenue</u>	FY18 <u>Expenditures</u>	FY18 <u>Transfers</u>	Fund Balances <u>June 30, 2018</u>
Education.....	\$ 74,082,213	\$ 200,900,000	\$ 199,900,000	\$ -	\$ 75,082,213
Operations & Maintenance.....	30,317,721	30,850,000	23,585,000	(8,265,000) <sup>(1)</sup>	29,317,721
Transportation.....	12,674,936	12,200,000	12,200,000	-	12,674,936
IMRF/Social Security.....	7,171,113	9,250,000	8,350,000	-	8,071,113
Working Cash.....	17,333,511	100,000	-	(7,500,000) <sup>(1)</sup>	9,933,511
Total Operating Funds .....	<u>\$ 141,579,494</u>	<u>\$ 253,300,000</u>	<u>\$ 244,035,000</u>	<u>\$ (15,765,000)</u>	<u>\$ 135,079,494</u>
Debt Service.....	\$ 1,030,646	\$ 3,535,000	\$ 6,800,000	\$ 3,265,000	\$ 1,030,646
Fire Prevention & Safety.....	-	-	-	-	-
Capital Projects.....	15,872,382	1,300,000	15,800,000	12,500,000 <sup>(1)</sup>	13,872,382
Tort.....	-	-	-	-	-
Total All Funds .....	<u>\$ 158,482,523</u>	<u>\$ 258,135,000</u>	<u>\$ 266,635,000</u>	<u>\$ -</u>	<u>\$ 149,982,523</u>

(1) Represents transfers of fund balance to the Capital Project Fund to pay for various capital improvements.

## STATE AID

### General

The State provides aid to local school districts on an annual basis as part of the State’s appropriation process. Many school districts throughout the State rely on such “State Aid” as a significant part of their budgets. For the fiscal year ended June 30, 2016, 4.76% of the District’s General Fund revenue came from sources at the State, including State Aid. See “SUMMARY OF OPERATING RESULTS – Combined Educational Fund and Operations and Maintenance Fund Revenue Sources” herein for more information concerning the breakdown of the District’s revenue sources.

The General Assembly approved a full fiscal year 2017 budget for elementary and secondary education, including a \$361 million increase over fiscal year 2016 levels. The budget appropriations, contained in Public Act 99-524, provided funding for school districts that will fully cover the statutory foundation level of \$6,119 per pupil and add another \$250 million in equity grants directed at school districts with high concentration of poverty students. Mandated categorical grants were intended to be funded at fiscal year 2016 levels and early childhood education saw an increase of \$75 million over fiscal year 2016 levels.

Among the many provisions of the FY 2017 Stopgap Budget Implementation Act (Public Act 99-523), one provides that school districts whose Corporate Personal Property Replacement Tax (CPPRT) receipts total 15% or more of their total revenues will receive an additional 7% of the total amount distributed to the school district from CPPRT funds during fiscal year 2015.

This was designed to backfill a school district's loss from any CPPRT sweeps as a result of the stopgap budget.

### **Evidence-Based Funding Model**

The Fiscal Year 2018 Budget appropriates General State Aid in an amount \$350 million greater than the appropriation for Fiscal Year 2017, however, such appropriation is contingent upon General State Aid being allocated among school districts in accordance with an "Evidence Based Funding Model." The method of allocating General State Aid among school districts in the State through school year 2016-2017 did not constitute an Evidence-Based Funding Model. Public Act 100-0465 provides for an Evidence-Based Funding Model for allocating General State Aid to school districts beginning with the 2017-2018 school year.

Under the Evidence-Based Funding Model provided for in Public Act 100-0465, the funding formula ties school funding to 27 evidence-based best practices the research shows enhance student achievement in the classroom. Each year, an adequacy target (the "Adequacy Target") will be calculated for each school district based upon its unique student population, geographic location in the State and the best practices. A determination will be made as to how close a district is to its Adequacy Target based on its State resources and its expected property tax collections. Each district will be placed in one of four tiers depending on how close to or far away from its Adequacy Target it is. Funds will be distributed first to those districts that are the furthest away from their Adequacy Targets (Tier One) and lastly to those that are the closest to their Adequacy Targets (Tier Four). Of the funds available, Tier One receives the first 50%, the next 49% is divided between Tiers Two and Three, and the final 1% is divided between Tiers Three and Four.

For school year 2017-2018, the District expects (based on publicly available information) to be assigned an Adequacy Target rate of 127%, and to be placed in Tier 4. The District expects to receive just slightly more (\$16,300) in General State Aid than they received in the prior school year.

### **General State Aid**

General State financial aid ("General State Aid") for Illinois school districts is computed beginning with the fiscal year commencing July 1. General State Aid makes up the difference between the available local resources per pupil (the "Available Local Resources") and a foundation level (the "Foundation Level"). The Foundation Level is a figure established annually by the State's budget representing the minimum level of per pupil financial support that should be available to provide for the basic education of each pupil determined in accordance with the average daily attendance, as such term is defined in the School Code. The Foundation Level has been established at \$6,119 in each of the most recent five school years.

A district's Available Local Resources are determined by multiplying EAV by the calculation tax rate, which is established by statute. Currently, the calculation tax rate is 3.00% for unit districts, 2.30% for elementary districts and 1.05% for high school districts. The product is added to revenue from the CPPRT, and the total is divided by the best three months average

daily pupil attendance to arrive at the district's Available Local Resources per pupil. For districts subject to the Limitation Law, Available Local Resources may be limited by such districts' extension limitation ratio, calculated in accordance with the School Code.

General State Aid makes up the difference between the Foundation Level and the Available Local Resources multiplied by the Average Daily Attendance (as defined in Section 18-8.05(C) of the School Code) (the "ADA"). The ADA equals the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best three months of pupil attendance for each school district. The attendance data used to calculate the ADA for the purpose of determining the amount of General State Aid is the greater of the (a) requisite attendance data for the school year immediately preceding the school year for which General State Aid is being calculated or (b) average of the requisite attendance data for the three preceding school years.

For any district with Available Local Resources of less than 93 percent of the Foundation Level, the entire deficiency in Available Local Resources as compared to the Foundation Level is awarded in General State Aid. Where Available Local Resources represent 93 to 175 percent of the foundation amount, State Aid is reduced on a sliding scale. Where a district has Available Local Resources representing 175 percent or more of the Foundation Level, the district receives a flat \$218 per ADA.

Other factors important in determining a school district's aid include, but are not limited to, the following:

1. any applicable reductions in a district's EAV;
2. the number of special need students in a district;
3. whether or not the district participates in a tax abatement or tax increment allocation program under the Real Property Tax Increment Allocation Redevelopment Act;
4. the amount of money the district receives as a replacement for taxes previously received from the CPPRT;
5. the number of days the schools of the district are operating with students in attendance;
6. whether or not kindergarten students attend for full day or one-half day sessions;
7. whether the schools in the district are recognized by ISBE as meeting state-required standards for recognition; and
8. changes in enrollment.

While the Foundation Level has not been adjusted in recent years, the State budget for General State Aid prior to fiscal year 2017 was reduced. As such, the State was not able to fund fully the General State Aid formula and instead prorated the amount received by each district (ranging from 95% proration in fiscal year 2012 to 92% proration in fiscal year 2016). For fiscal years 2017 and 2018, total General State Aid was increased to fully cover the General State Aid formula.

Many pieces of legislation have been introduced in the General Assembly or discussed by legislators to repeal or materially change the current General State Aid formula. The District cannot predict whether, or in what form, any change to the General State Aid formula will occur, nor can the District predict the effect of any such change on the District's future finances.

### **Supplementary State Aid**

In addition to General State Aid, districts with specified levels or concentrations of pupils from low-income households are eligible to receive supplemental general State aid financial grants ("Supplemental General State Aid"). Supplemental General State Aid is distributed to districts pursuant to a statutory formula based upon the number of low-income pupils in the district. The low-income pupil count is determined by the Department of Human Services based on the number of pupils eligible for at least one of a variety of low-income programs as of July 1 of the immediately preceding fiscal year. The amount of Supplemental General State Aid received by a district increases as the ratio of low-income pupils to the ADA increases.

### **Mandated Categorical State Aid**

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as "Mandated Categorical State Aid," are made to the school district in the fiscal year following the expenditure, provided that the school district files the paperwork necessary to inform the State of such an entitlement. At present, the School Code provides for Mandated Categorical State Aid with respect to mandatory school programs relating to: (a) special education, (b) transportation, (c) free and reduced breakfast and lunch, and (d) orphanage tuition.

Though school districts are entitled to reimbursement for expenditures made under these programs, these reimbursements are subject to the State's appropriation process. In the event that the State does not appropriate an amount sufficient to fund fully the Mandated Categorical State Aid owed to each school district, the total Mandated Categorical State Aid is proportionally reduced such that each school district receives the same percentage of its Mandated Categorical State Aid request with respect to a specific category of such aid as every other school district.

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are "mandatory" under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related

expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fund fully the Mandatory Categorical State Aid requirements. As such, the District's revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

### **Competitive Grant State Aid**

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such "Competitive Grant State Aid" is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive Grant State Aid must compete with other school districts for the limited amount appropriated by the State for such program.

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is determined separately for each category of aid year-to-year based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

The School Code provides numerous programs that qualify a school district for Competitive Grant State Aid. For fiscal year 2018, the appropriation for Early Childhood Education is approximately \$443.7 million.

### **Payment for Mandated Categorical State Aid and Competitive Grant State Aid**

The State makes payments to school districts for Mandated Categorical State Aid and Competitive Grant State Aid (together, "Categorical State Aid") in accordance with a voucher system involving ISBE. ISBE vouchers payments to the State on a periodic basis. The time between vouchers varies depending on the type of Categorical State Aid in question. For example, with respect to the categories of Mandated Categorical State Aid related to special education and transportation, ISBE vouchers the State for payments on a quarterly basis. With respect to Competitive Grant State Aid, a payment schedule is established as part of the application process, and ISBE vouchers the State for payment in accordance with this payment schedule.

Once ISBE has vouchered the State for payment, the State is required to make the Categorical State Aid payments to the school districts. As a general matter, the State is required to make such payments within 90 days after the end of the State's fiscal year.

The State makes Mandated Categorical State Aid payments to school districts in quarterly installments. For fiscal year 2016, the State did not make the final Mandated Categorical State Aid payment until December of the following fiscal year. The State has made two Mandated Categorical State Aid payments to school districts for fiscal year 2017.

The District budgeted to receive \$6,157,180 in Mandated Categorical State Aid payments in the fiscal year ending June 30, 2017, such amount being equal to four Mandated Categorical State Aid payments inclusive of the fourth categorical payment from the prior fiscal year. The District received \$5,641,704.54 in Mandated Categorical State Aid payments inclusive of the fourth payment from the prior fiscal year for the fiscal year ending June 30, 2017.

See “SUMMARY OF OPERATING RESULTS – Combined Educational Fund and Operations and Maintenance Fund Revenue Sources” herein for a summary of the District’s general fund revenue sources.

### **SCHOOL DISTRICT FINANCIAL PROFILE**

As of the date of this Official Statement, ISBE utilizes a system for assessing a school district’s financial health referred to as the “School District Financial Profile” which replaced the Financial Watch List and Financial Assurance and Accountability System (FAAS). This system identifies those school districts which are moving into financial distress.

The system uses five indicators which are individually scored, placed into a category of a four, three, two or one, with four being the best possible, and weighted in order to arrive at a composite district financial profile. The indicators and the weights assigned to those indicators are as follows: fund balance to revenue ratio (35%); expenditures to revenue ratio (35%); days cash on hand (10%); percent of short term borrowing ability remaining (10%); and percent of long-term debt margin remaining (10%).

The scores of the weighted indicators are totaled to obtain a district’s overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- Financial Recognition. A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- Financial Review. A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year’s school budget for further negative trends.
- Financial Early Warning. A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.

- Financial Watch. A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

For each school district, ISBE calculates an original financial profile score (the “Original Score”) and an adjusted financial profile score (the “Adjusted Score”). The Original Score is calculated based solely on such school district’s audited financial statements as of the close of the most recent fiscal year. The Adjusted Score is calculated based initially on a school district’s audited financial statements for the most recent fiscal year, with adjustments made to reflect the impact on the Original Score of timing differences between such school district’s actual and expected receipt of State Aid payments or evidence-based funding, as required by Section 1A-8 of the School Code. ISBE has implemented this statutory requirement by adding in payments expected to be received during the calculation year but not actually received until the following fiscal year, as well as by subtracting certain State Aid payments or evidence-based funding received during the current fiscal year but attributable to a prior fiscal year. Such adjustments may have a varying effect on a school district’s Adjusted Score based on the amount of time by which such State Aid payments or evidence-based funding are delayed and the accounting basis adopted by such school district. Due to the manner in which such requirement has been implemented by ISBE, a school district’s Adjusted Score may be different than it otherwise would have been in certain years based on the scheduled receipt of State Aid payments or evidence-based funding.

The following table sets forth the District’s Original Scores and Adjusted Scores, as well as the designation assigned to each score, for each of the last five fiscal years (as released by ISBE in March of the year following the conclusion of each fiscal year):

Fiscal Year (June 30)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2016	4.00	Recognition	4.00	Recognition
2015	4.00	Recognition	4.00	Recognition
2014	4.00	Recognition	4.00	Recognition
2013	4.00	Recognition	4.00	Recognition
2012	4.00	Recognition	4.00	Recognition

### **RETIREMENT PLANS**

The District participates in two defined benefit pension plans: (i) the Teachers’ Retirement System of the State of Illinois (“TRS”), which provides retirement benefits to the District’s teaching employees, and (ii) the Illinois Municipal Retirement Fund (the “IMRF” and, together with TRS, the “Pension Plans”), which provides retirement benefits to the District’s non-teaching employees. The District makes certain contributions to the Pension Plans on behalf

of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the “Pension Code”). This section first describes certain concepts related to pensions generally, then describes the applicable provisions of TRS and the provisions of IMRF.

The following sections summarize certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 11 to the Audit, attached hereto as Appendix B.

## **Background Regarding Pension Plans**

### *The Actuarial Valuation*

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board (“GASB”), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

### *GASB Standards*

Prior to the fiscal year ended June 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans were GASB Statement No. 25 and GASB Statement No. 27 (together, the “Prior GASB Standards”). The Prior GASB Standards required the disclosure of an Annually Required Contribution (which was such pronouncement’s method for calculating the annual amounts needed to fully fund a pension plan) and the calculation of pension funding statistics such as the unfunded actuarial accrued liability (“UAAL”), which was the shortfall of the assets held by the pension plan when compared against the liabilities of such pension plan, as actuarially determined (the “Actuarial Accrued Liability”), and the “Funded Ratio,” which was the ratio, expressed as a percentage, derived from dividing the assets of the pension plan by the Actuarial Accrued Liability. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to various approved actuarial methods and to use an assumed investment rate of return determined by the pension plan for financial reporting purposes.

Beginning with the fiscal year ended June 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans became GASB Statement No. 67 and

GASB Statement No. 68 (together, the “New GASB Standards”). Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans, and, therefore, do not require computation of the Annually Required Contribution or a similar contribution number. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans.

The New GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset”, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of a pension plan are not expected to be sufficient to pay the projected benefits of such pension plan, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

Finally, the New GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the New GASB Standards require an expense to be recognized on the income statement of the District.

#### *Pension Plans Remain Governed by the Pension Code*

As described above, each of the Prior GASB Standards and the New GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the District to the Pension Plans in each year.

#### **Teachers’ Retirement System of the State of Illinois**

The District participates in TRS, which 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 outside the City of Chicago. TRS members include all active non-annuitants

who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

The Pension Code sets the benefit provisions of TRS, which can only be amended by the Illinois General Assembly. The State maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. The report may be viewed at TRS's website as follows: <http://trs.illinois.gov/pubs/cafr.htm>.

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 11 to the Audit.

#### *Employer Funding of Teachers' Retirement System*

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For the fiscal years ended June 30, 2014 through June 30, 2016, all amounts contributed by the District to TRS were as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>TRS Contributions</u>
2014	\$ 2,387,464
2015	1,387,063
2016	1,352,743

Source: Compiled from the District's Comprehensive Annual Financial Reports for fiscal years ended June 30, 2014-2016.

For information regarding additional contributions the District may be required to make to TRS with respect to certain salary increases and other programs, see Note 11 to the Audit.

#### *Shift of Contributions from the State to Employers*

Various proposals have been introduced into the General Assembly to shift the burden of making certain contributions to TRS from the State to the school districts employing participants in TRS, such as the District. Though these proposals have differed in certain respects, the most common formulation would require a school district, such as the District, to contribute the full amount of the normal costs of its employees' TRS pensions, with such additional contributions being phased in over the course of several years (the "Cost Shifting Proposal").

Discussions and deliberations on the complex topic of pension reform remain fluid. The District cannot predict whether, or in what form, the Cost Shifting Proposal may be introduced in the General Assembly or ultimately be enacted into law. Furthermore, it is possible that any future pension reform legislation that is passed by the General Assembly (including any legislation containing the Cost Shifting Proposal) could face court challenges.

If the Cost Shifting Proposal were to become law, it may have a material adverse effect on the finances of the District. How local school districts, including the District, would pay for such shift of contributions cannot be determined at the current time. Property taxes to pay pension costs are capped by the Limitation Law. If such pension expenditures are not exempted from the Limitation Law, school districts (such as the District) would have to pay such additional contributions from revenues or reserves.

Although the Cost Shifting Proposal has not been adopted as of the date hereof, the General Assembly approved legislation shifting a portion of the State's contributions to TRS to individual school districts. On July 6, 2017, the General Assembly enacted Public Act 100-0023 ("P.A. 100-23") which, among other things, requires employers participating in TRS, such as the District, to make certain contributions to TRS that were not required under prior law. P.A. 100-23 includes provisions for a separate set of benefits (the "New Tier Benefits") applicable to employees hired after the "Implementation Date," the same being the date on which TRS authorizes new hires to participate in the New Tier Benefits, which P.A. 100-23 directs should be "as soon as possible" after the effective date of P.A. 100-23. Under P.A. 100-23, beginning in Fiscal Year 2018, the District will be responsible for paying the normal cost for those employees earning the New Tier Benefits (as well as the normal cost for certain employees hired after the Implementation Date that elect to earn the benefits currently in place) and to amortize any unfunded liability related thereto. Finally, P.A. 100-23 mandates that the District make an additional payment to TRS to the extent that any employee's salary exceeds the salary of the Governor of the State of Illinois (currently \$177,412), as calculated therein.

The contributions required by P.A. 100-23 represent an increase in the District's contributions to TRS in comparison to prior law; however, the District is unable to predict the timing or the degree of any such additional contributions, and, as such the District is not able to predict whether the impact of such additional contributions on its finances will be material.

#### *Recognition of Net Pension Liability*

The New GASB Standards divide the Net Pension Liability of a pension plan for which multiple entities make a portion of the employer contribution among such contributing entities. With respect to TRS, each of the District and the State provide a portion of the employer contribution with respect to the District's TRS liability. As of June 30, 2016, the Net Pension Liability associated with the District was \$698,644,490 of which the District's proportionate share was \$14,484,590, and the State's proportionate share was \$684,159,900.

## Illinois Municipal Retirement Fund

The District also participates in the IMRF, which is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in Illinois. IMRF is established and administered under statutes adopted by the Illinois General Assembly. The Pension Code sets the benefit provisions of the IMRF, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF, including the District has an employer reserve account with the IMRF separate and distinct from all other participating employers (the “IMRF Account”) along with a unique employer contribution rate determined by the IMRF Board, as described below. The employees of a participating employer receive benefits solely from such employer’s IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website.

See Note 11 to the Audit for additional information on the IMRF’s actuarial methods and assumptions, including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

### *Contributions*

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board of Trustees (the “IMRF Board”). The District’s contribution rate for calendar year 2016 was 12.79% of covered payroll.

For the calendar years ended December 31, 2014 through December 31, 2016, the District contributed the following amounts to IMRF:

<u>Calendar Year</u> <u>Ended December 31</u>	<u>IMRF</u> <u>Contributions</u>
2014	\$4,104,642
2015	6,051,025
2016	4,225,895

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel Roeder Smith & Company as of December 31, 2016.

### *Measures of Financial Position*

The following table presents the measures of the IMRF Account's financial position as of December 31, 2014 through December 31, 2016 which are presented pursuant to the New GASB Standards. The Total Pension Liability as of December 31, 2016, was calculated pursuant to the current Discount Rate of 7.50%.

Calendar Year Ended December 31	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension
2014	\$ 211,257,678	\$ 194,000,490	\$ 17,257,188	91.83%
2015	219,763,912	193,328,052	26,435,860	87.97%
2016	227,639,532	200,617,483	27,022,049	88.13%

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel Roeder Smith & Company as of December 31, 2016.

See Note 11 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the District's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the New GASB Standards.

### **OPEB Summary**

The District provides post-employment benefits ("OPEB") other than pensions currently to 372 individuals. The OPEB was discontinued for retirees beginning in 2012. For the fiscal year ending June 30, 2016, the actuarial accrual liability was \$14,813,818, the Net OPEB obligation was \$6,410,925 and the annual required contribution was \$1,048,104. See Note 10 to the Audit, and the related required supplementary information disclosures, for a description of the OPEB.

### **Post Employee Benefit Trust**

The District participates in the Teacher Health Insurance Security ("THIS") Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the State legislature for the benefit of the State's retired 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 TRS. Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80% during the year ended June 30, 2016, 0.76% during the year ended June 30, 2015, and 0.72% during the year ended June 30, 2014. For the year ended June 30, 2016, the District paid \$869,620 to the THIS fund. For the years ended June 30, 2015

and June 30, 2014, the District paid \$803,217 and \$743,469, respectively, to the THIS Fund, which was 100% of the required contribution.

### **TAX EXEMPTION**

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a

substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department of Revenue under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## **LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

## **BOND RATING**

Moody's has assigned its municipal rating of "Aa1" to the Bonds. The rating reflects only the views of Moody's and any explanation of the significance of such rating may only be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by Moody's, if, in the rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in "Appendix C – Form of Continuing Disclosure Undertaking."

The District failed to timely file notice of certain bond insurer rating changes in the last five years. Such bond insurer rating changes and reportable event were filed on October 20, 2016. Except to the extent the preceding is deemed to be material, to the best of the District's knowledge, it has not failed to comply in the previous five years in any material respect with undertakings previously entered into by it pursuant to the Rule. The District has retained PMA Securities Inc., Naperville, Illinois to act as the District's Dissemination Agent for

its future continuing disclosure filings. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“Chapman and Cutler”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

### **UNDERWRITING**

The Bonds were offered for sale by the District at a public, competitive sale on September 12, 2017. The best bid submitted at the sale was submitted by BOK Financial Securities, Inc. (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$9,166,630.95 to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. The aggregate underwriting fee equals \$37,558.

### **FINANCIAL ADVISOR**

PMA Securities, Inc. of Naperville, Illinois, has been retained as financial advisor (the “Financial Advisor” or “PMA”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor’s knowledge, the information contained in this Official Statement is true

and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA Securities, Inc. is a broker-dealer and municipal advisor registered with the Commission and MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to institutional clients, including financial advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, Inc., a financial services provider, and Prudent Man Advisors, Inc., an investment adviser registered with the Commission (the “Advisory Affiliate”). These entities operate under common ownership with the Firm and are referred to in this disclosure as the “PMA Affiliates.” PMA is also affiliated with Forecast5 Analytics, Inc., a data analytics company which offers software and forecasting and consulting services to municipal entities, and PMA Leasing, Inc., an equipment leasing company. These entities and the PMA Affiliates are referred to in this disclosure collectively as the “Affiliates.” Each of these Affiliates also provides services to municipal entity clients. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

The Financial Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as financial advisor on the Bonds. PMA’s compensation for serving as financial advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

### **THE OFFICIAL STATEMENT**

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

## **Accuracy and Completeness of the Official Statement**

This Official Statement has been approved by the District for distribution to the Underwriter of the Bonds.

The District's officials will provide to the Underwriter of the Bonds at the time of delivery of the Bonds, a certificate confirming to the Underwriter that, to the best of their knowledge and belief, the Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/ Cathy Johnson

Associate Superintendent for Finance and  
Operations  
Township High School District Number 214  
Cook County, Illinois

September 12, 2017

**Form of Legal Opinion of Bond Counsel**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of Township High School District Number 214, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Limited Refunding School Bonds, Series 2017 (the “*Bonds*”), to the amount of \$8,900,000, dated September 28, 2017, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2018	\$1,915,000	2.00%
2019	1,955,000	2.00%
2020	1,635,000	2.00%
2021	730,000	2.00%
2022	745,000	2.00%
2023	760,000	3.00%
2024	780,000	3.00%
2025	210,000	3.00%
2026	170,000	3.00%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is, however, limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*Law*”). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in the Proceedings.

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the

alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the “Code”), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District’s knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016**

The Comprehensive Annual Financial Report of the District contained in this Appendix B (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by Baker Tilly Virchow Krause, LLP, Oak Brook, Illinois (the "Auditor"), and approved by formal action of the Board of Education of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. If you have a specific question or inquiry relating to the financial information of the District since the date of the Audit, you should contact Cathy Johnson, Associate Superintendent for Finance and Operations of the District.



**TOWNSHIP HIGH SCHOOL  
DISTRICT 214**  
Arlington Heights, IL

**A COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**AS OF AND FOR THE YEAR  
ENDED JUNE 30, 2016**

**TOWNSHIP HIGH SCHOOL**  
**DISTRICT 214**  
Arlington Heights, IL

**A COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

AS OF AND FOR THE YEAR ENDED JUNE 30, 2016  
OFFICIALS ISSUING REPORT

**CATHY JOHNSON**  
ASSOCIATE SUPERINTENDENT FOR FINANCE & OPERATIONS

**SHERRY KOERNER**  
DIRECTOR OF BUSINESS SERVICES

BUSINESS OFFICE OF TOWNSHIP HIGH SCHOOL DISTRICT 214

# TOWNSHIP HIGH SCHOOL DISTRICT 214

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**Township High School District 214**  
2121 South Goebbert Road  
Arlington Heights, Illinois 60005  
847-718-7600 ■ www.d214.org

**Dr. David R. Schuler**  
Superintendent

October 5, 2016

Community Members and Board of Education  
Township High School District 214  
Arlington Heights IL 60005

The Comprehensive Annual Financial Report (CAFR) of Township High School District 214, Cook County, Illinois, as of and for the year ended June 30, 2016, is submitted herewith. Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects and represents the financial position and results of operations of the District as shown by the disclosure of all financial activity of its various funds; and that all disclosures necessary for public understanding of the District's financial status have been incorporated within this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter for transmittal and should be read in conjunction with it.

The CAFR includes all funds of the District and is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organization chart, and a list of principal officers and elected officials. The financial section includes the independent auditor's report on financial statements and schedules, MD&A, basic financial statements, and required supplemental information such as the individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

### **Mission and Vision**

Our **primary mission** is to help all students learn the skills, acquire the knowledge, and develop the behaviors necessary for them to reach their full potential as citizens who can meet the challenges of a changing society. Our secondary mission is to provide residents with opportunities for lifelong learning. The District 214 vision embraces continuous improvement and includes:

**Students who demonstrate...**

- analytic capabilities
- communication skills including reading, writing, speaking, listening, and numeracy
- creative expression and educated response to the creative works of others
- ethical judgment and decision-making ability
- career and life planning skills
- responsible citizenship
- understanding of ways to participate in an interdependent world
- problem solving skills
- concern, understanding, and respect in social interactions
- technology literacy
- ability to develop and maintain wellness

**An environment in which people are...**

- physically, psychologically, and emotionally safe
- treated fairly and ethically
- valued for their unique backgrounds and contributions

**Staff members who...**

- are active, lifelong learners committed to continuing professional and personal development
- are leaders in instructional practices
- create school work which engages and challenges students
- are innovative, take risks, and share what is learned from successes and failures
- are concerned, caring, and compassionate
- cooperate as partners with parents and the community in the education of students
- use student learning data to inform instructional decisions and practices

**A Board of Education that...**

- provides high quality resources for students and staff
- respects successful programs and practices
- encourages continual improvement through risk-taking and innovation
- cooperates and communicates as a partner with parents and the community in the education of students
- celebrates student and staff success
- promotes lifelong learning
- involves school and community members in decision-making processes

## **District Organization and History**

Township High School District 214's creation in 1914 can, in part, be attributed to the Women's Suffrage Movement. As the creation of the District was a hotly contested election issue, men's ballots opposed the proposition while women's ballots supported the proposition. With the subsequent validation of the Women's Suffrage Act came the creation of Township High School District 214.

The district was established on March 28, 1914. In 1922, the school board adopted plans for construction of nine classrooms, an auditorium, and a gymnasium. Arlington High School opened to students in 1923. Increasing enrollment necessitated that several additions were constructed. The second high school constructed was Prospect High School in Mt. Prospect in 1957. In 1962, Forest View High School in Arlington Heights was constructed due to district enrollment topping over 6,300 students. Wheeling High School was constructed in 1964, Elk Grove High School in 1966, John Hersey High School in 1968, Rolling Meadows High School in 1971, and Buffalo Grove High School in 1973. By 1973, there were 19,000 students enrolled in the district. The district's enrollment peaked at 19,823 students during the 1975-1976 school year. Enrollment has declined since that time. Due to declining enrollment, Arlington High School closed in June 1984, and Forest View closed in June 1986. Forest View currently houses the administration offices and alternative programs.

Township High School District 214 is recognized as a Blue Ribbon High School District by the United States Department of Education. Located approximately 25 miles northwest of Chicago in a 68.3 square mile area, we are the state's second largest high school district serving students from Arlington Heights, Buffalo Grove, Des Plaines, Elk Grove Village, Mount Prospect, Prospect Heights, Rolling Meadows, and Wheeling. Nearly 300,000 residents comprise our diverse middle to upper middle-class demographic. More than 67 languages are spoken in the homes of our students. Projected student enrollment for 2016-2017 is 11,711.

Township High School District 214 currently has seven campuses. The six comprehensive high schools include: Buffalo Grove, Elk Grove, John Hersey, Prospect, Rolling Meadows, and Wheeling. The Forest View Educational Center houses: The Academy at Forest View, Vanguard School, Newcomer Center, Community Education, and the District 214 administration offices.

Transforming a great school district into an elite learning organization for all is the primary focus of Township High School District 214. Working collaboratively in the spirit of "WE", all staff, administration, and Board of Education have committed to the systemic student-centered focus of continuous, rigorous academic excellence for all students. As a "lighthouse district", Township High School District continues to serve as an accessible resource for other learning organizations to model.

Township High School District 214 students matriculate from several elementary districts including: District 15, District 21, District 23, District 25, District 26, District 57 and District 59. District 214 is a member of Northwest Suburban Special Education Organization

(NSSEO) which provides specific special needs services to our qualifying students.

Approximately 91 percent of our students graduate and 77 percent enroll in two- or four-year colleges. In addition, we offer more than 10 certificate programs in high-demand career areas, including manufacturing, early childhood education, culinary, networking, nursing, building trades, cosmetology, and many automotive specialties. Our students graduate college and career ready.

Township High School District 214 currently has sixteen Tax Increment Financing (TIF) districts within our boundaries. The EAV for tax year 2013 was \$7.4 billion. The EAV for tax year 2014 was \$7.5 billion. The EAV for tax year 2015 is \$7.4 billion.

Very active Booster Clubs, Alumni Associations, and Parent Teacher Organization provide the schools with both financial and volunteer support. Partnerships with local park districts and other organizations increase opportunities for students at many levels.

The District offers an extensive and comprehensive program for students who have special needs. As this program continues to expand and the services become enhanced, the District anticipates enrollment to continue to increase in this area.

Township High School District 214 is fully accredited by the Illinois State Board of Education.

Township High School District is an award-winning District. The District has received many awards, including:

- Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for fiscal years 2009, 2010, 2011, 2012, 2013, 2014 and 2015.
- ASBO Meritorious Budget Award (MBA) for fiscal year 2011, 2012, 2013, 2014, 2015 and 2016. The MBA recognizes excellence in school budget presentation and is conferred on school districts that have met or exceeded strict guidelines.
- Illinois State Board of Education (ISBE) Certificate of Financial Recognition, with a 4.0 score for 2010, 2011, 2012, 2013, 2014 and 2015 fiscal year financial data.
- Lincoln Foundation Award for Performance Excellence in December 2010
- Advanced Placement (AP) Award of the Year.
- National School Board Association 2010 Technology Trailblazer Award.
- Digital School District Award top ten ranking.

All six District 214 comprehensive high schools were named among the top 50 in the state, based on the 2015 *U. S. News* Best High School List. All six schools received a gold or silver national medal in the US News rankings, which is a feat achieved by only about 13% of schools nationally. This list recognizes schools that perform well and uses those schools as models for others to inspire educators and communities to do well.

All six were named among the nation's "Most Challenging High Schools" by *The Washington Post*. Only 11% of high schools nationally made this list.

Beginning with the 2015-2016 freshman class, every student in District 214 will have the opportunity by meeting strict eligibility requirements to earn up to two years free Harper tuition through the Harper Promise Scholarship Program.

The Power of 15 Partnership with Harper College provides new opportunities for college credit. Beginning in the fall of 2015, District 214 offered a number of college-level courses taught by our teachers, using Harper curriculum. Research shows that students who enter college with 15 or more college credits are twice as likely to graduate with a degree. So, in addition to Advanced Placement courses, dual-credit classes, and career pathways, this partnership also offers students opportunities to earn college credit while in high school.

Five intergovernmental field turf partnerships have been formed with The District.

- John Hersey High School and Arlington Heights Park District
- Wheeling High School and Wheeling Park District
- Buffalo Grove High School with Buffalo Grove Park District
- Prospect High School and Mount Prospect Park District
- Rolling Meadows High School and Elite Soccer of America
- Forest View Education Center and Robert Morris University and St. Viator

The partnerships will benefit the communities by expanding opportunities while saving dollars. It is a win-win arrangement for the park districts, the school district, and our entire community.

The District is in a financial position enabling us to consider capital projects without asking the community for additional revenues. A capital project feasibility process has been initiated to comprehensively assess the academic, athletic, fine and performing arts, and operational needs of the district. The capital feasibility process provides a unique opportunity to consider enhancements to the infrastructure of our schools – many of which are on average more than 45 years old – with valued input from students, staff, and community. During 2015-2016, some of the feasibility construction projects were temporarily stopped while the legislators determined new requirements. District 214 will resume the feasibility work during late spring 2017.

### **District 214 Board of Education Goals**

1. Provide quality education that is relevant to membership in a global society and economy while maintaining a balanced operating budget and serving the student population.
2. Increase student learning through engagement and innovative programs to ensure students will develop self-awareness, self-management, interpersonal, and decision-making skills as measured by social and emotional learning growth objectives to establish and maintain positive relationships and achieve school and life success in a global society and economy.

3. Promote and expand life-long learning opportunities for residents of all ages through positive relationships, community involvement, community engagement and outreach, and collaborative planning in the efficient use of resources.

### **District 214 Instructional Goals**

1. Each No Child Left Behind (NCLB) sub-group's average Educational Planning and Assessment System (EPAS) growth will surpass that of the previous cohort by 10% annually in reading, English, math, and science until growth from EXPLORE to ACT exceeds six points.
2. Increase student success rate (as measured by a grade of A, B, or C) per course by at least five percentile points each year until the threshold of 95% is attained.
3. The number of students enrolled in at least one AP course will increase over the previous year, as will the number of students taking at least one AP exam and the number of students earning a passing score on an AP exam, until at least 50% of all students have earned a score of three or higher on an AP final.

### **District 214 Social and Emotional Learning Growth Objectives**

In concert with the three instructional goals listed above, each school, on an annual basis, will develop and implement a measurable and attainable plan, based on the needs of the students in their school, to show progress towards achieving the Board's Social and Emotional Learning Growth Objectives.

The multi-year plan which will be reviewed annually must contain multiple measures including some, if not all, of the following measures:

- a. The overall percentage of school days attended (measured by dividing the number of days attended by the sum of the number of days attended and the number of days absent) will increase from the previous year.
- b. A decrease in the number of minor infractions per 100 students will occur each quarter from the total number of minor infractions at the end of the same quarter of the previous academic school year.
- c. A decrease in the number of major infractions per 100 students will occur each quarter from the total number of major infractions at the end of the same quarter of the previous academic school year.
- d. The number of students per 100 students participating in at least one or more co-curricular activity will increase from the previous year.
- e. The overall percentage of students competitively employed and/or enrolled in some type of post-secondary institution within one year of leaving high school will increase from the previous year.
- f. The number of students per 100 who fail a course will decrease from the previous year.

- g. Another quantifiable measure, based on a school's positive behavior initiative, may be developed to meet the specific needs of the students in a respective school.

### **Historical and Projected Student Enrollment**

The district total enrollment has decreased since the 2005 – 2006 school year and the overall trend is indicating continued decreases. Enrollment projection based on two-year enrollment history provides a better estimate of enrollment for the near future. Our projection history has shown that it projects the district total better than the enrollment for each school.

The enrollment changes for each high school over the past ten years fluctuated around the trend line of the district total enrollments. The ISBE Fall Enrollment Counts for 2014 – 2015 reflected an enrollment of 11,796. The 2015 – 2016 enrollment counts reflected an enrollment of 11,900 students, a slight increase.

### **Employees**

The District has approximately 1,700 employees of whom 960 are certified and 740 are non-certified. The contracts expire as follows: Education Association – June 30, 2019; Educational Support Personnel Association – June 30, 2017; and Custodial Maintenance Association – June 30, 2019. The District considers its relationship with employees to be stable.

## Population Trend

<b>TOWNSHIP HIGH SCHOOL DISTRICT 214</b>				
<b>DEMOGRAPHIC AND ECONOMIC STATISTICS</b>				
NAME OF ENTITY	2000	2010	Estimated 2015	% CHANGE 2010 to 2015
<b>POPULATION:</b>				
<b>County</b>				
Cook County	5,376,741	5,194,675	5,238,216	0.84%
<b>Municipalities</b>				
Village of Arlington Heights	76,031	75,101	75,926	1.10%
Village of Buffalo Grove	42,909	41,496	41,503	0.02%
City of Des Plaines	58,720	58,364	58,677	0.54%
Elk Grove Village	34,727	33,127	33,238	0.34%
Village of Mount Prospect	56,265	54,167	54,747	1.07%
Village of Northbrook	33,435	33,173	33,633	1.48%
Village of Palatine	65,479	68,555	69,308	1.10%
City of Prospect Heights	17,081	16,256	16,386	0.80%
City of Rolling Meadows	24,604	24,099	24,190	0.38%
Village of Wheeling	34,496	37,648	38,079	1.14%
<b>Miscellaneous</b>				
State of Illinois	12,419,293	12,830,632	12,859,995	0.23%
<b>% CHANGE</b>				
<b>UNEMPLOYMENT RATE:</b>	2000	2010	2015	2010 to 2015
<b>County</b>				
Cook County	4.8%	10.5%	6.1%	-41.90%
<b>Municipalities</b>				
Village of Arlington Heights	3.3%	7.4%	4.3%	-41.89%
Village of Buffalo Grove	2.9%	8.0%	4.5%	-43.75%
City of Des Plaines	4.8%	10.2%	5.1%	-50.00%
Elk Grove Village	3.3%	8.5%	5.0%	-41.18%
Village of Mount Prospect	3.3%	7.8%	4.3%	-44.87%
Village of Northbrook	2.1%	6.7%	4.3%	-35.82%
Village of Palatine	3.5%	8.5%	4.8%	-43.53%
City of Prospect Heights	3.2%	8.4%	4.8%	-42.86%
City of Rolling Meadows	3.2%	8.4%	4.8%	-42.86%
Village of Wheeling	3.5%	8.5%	4.7%	-44.71%
<b>Miscellaneous</b>				
State of Illinois	4.5%	10.4%	5.9%	-43.27%
SOURCE OF INFORMATION: U.S. Census Bureau and Illinois Department of Employment Security				

## Largest Area Employers

The following table reflects the diversity of the major employers in the area serviced by the District by the products manufactured or services performed and the approximate number of employees.

<b>TOWNSHIP HIGH SCHOOL DISTRICT 214</b>		
<b>PRINCIPAL EMPLOYERS</b>		
<b>CURRENT YEAR AND SIX YEARS AGO</b>		
	<b>2016</b>	
<b>EMPLOYER</b>	<b>EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT*</b>
Northwest Community Hospital	4,000	3.1%
Alexian Brothers Medical Center	3,000	2.4%
Durable Packaging International, Inc.	2,000	1.6%
Northrop Grumman Corp.	1,900	1.5%
Siemens Building Technologies	1,800	1.4%
Arlington Heights High School District 214	1,670	1.3%
ADP	1,500	1.2%
UOP, LLC	1,500	1.2%
ISI	1,200	0.9%
Holy Family Medical Center	1,036	0.8%
Oakton Community College	990	0.8%
<b>TOTALS</b>	<b>20,596</b>	<b>16.2%</b>
*The estimated total of persons employed in HSD214 in 2015 is 127,080.		
	<b>2010</b>	
<b>EMPLOYER</b>	<b>EMPLOYEES</b>	<b>PERCENTAGE OF TOTAL EMPLOYMENT</b>
Northwest Community Healthcare	4,000	
Motorola Networks & Enterprise	3,000	20%
Alexian Brothers Medical Center	2,500	15%
Level 3 Communications	2,000	12%
Northrop Gurmman Corp	2,000	10%
International Profit Associates	1,900	10%
Swissport USA, Inc	1,500	9%
Automatic Data Processing Inc.	1,300	7%
HSBC Finance Corp	1,100	6%
Holy Family Medical Center	1,036	5%
<b>TOTALS</b>	<b>20,336</b>	<b>5%</b>
Note: The District's principal employer data from nine years ago was not available. Presented earliest available		
Source: 2016 Manufacturers' News Inc., Illinois Manufacturers and Services Directories		
2016 Harris Illinois Industrial Directory		
Reference USA		
Illinois Department of Employment Security		

## Employment

The District has a significant employment base provided by a range of manufacturing, commercial, and public enterprises. The following table categorizes occupations for District residents 16 years of age and older living in the Villages and the Cities compared with the County and the State.

<u>Occupational Category</u>	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County
Management, business, science, and arts occupations	39.1%	51.0%	57.8%	35.5%	37.1%
Service Occupations	15.3%	9.7%	9.6%	16.1%	17.5%
Sales and office occupations	26.7%	26.6%	24.0%	27.1%	25.4%
Natural resources, construction, and maintenance occupations	6.2%	5.1%	3.3%	8.7%	6.7%
Production, transportation, and material moving occupations	12.7%	7.6%	5.3%	12.6%	13.4%
<b>Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<u>Occupational Category</u>	The State	Village of Elk Grove	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows
Management, business, science, and arts occupations	35.9%	36.8%	39.5%	29.1%	33.2%
Service Occupations	16.7%	13.5%	14.3%	24.0%	19.0%
Sales and office occupations	25.6%	31.3%	26.2%	22.7%	27.2%
Natural resources, construction, and maintenance occupations	7.9%	6.9%	6.5%	8.0%	8.3%
Production, transportation, and material moving occupations	14.0%	11.4%	13.6%	16.2%	12.2%
<b>Totals</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<u>Occupational Category</u>	Village of Wheeling
Management, business, science, and arts occupations	31.7%
Service Occupations	18.8%
Sales and office occupations	26.7%
Natural resources, construction, and maintenance occupations	5.3%
Production, transportation, and material moving occupations	17.4%
<b>Totals</b>	<b>100.0%</b>

Source: American Community Survey, 2007 - 2011 American community Survey 5-year estimates, Census Bureau  
Please note that totals may not equal 100.0% due to rounding

## Housing

The following table sets forth the distribution of home values for owner-occupied units, as well as the median home value, in the District, the Villages, the Cities, the County, and the State.

Value of Specified Owner-Occupied Units	The District	Village of Arlington Heights	Village of Buffalo Grove	City of Des Plaines	The County
Less than \$50,00	3.1%	1.4%	1.0%	3.4%	2.8%
\$50,000 to \$99,999	3.0%	2.2%	2.7%	2.3%	5.0%
\$100,000 to \$149,999	7.7%	4.5%	5.0%	6.1%	10.0%
\$150,000 to \$199,999	11.1%	7.4%	8.9%	10.7%	15.7%
\$200,000 to \$299,999	25.7%	19.0%	24.1%	38.0%	26.9%
\$300,000 to \$499,999	38.9%	45.1%	43.8%	34.0%	26.2%
\$500,000 to \$999,999	9.9%	19.0%	13.5%	5.3%	10.9%
\$1,000,000 or more	0.7%	1.4%	1.0%	2.0%	2.6%
	100.0%	100.0%	100.0%	100.0%	100.0%
Median Value	\$297,800	\$358,100	\$331,700	\$269,400	\$256,900
Owner-Occupied	74.70%	77.00%	82.50%	80.50%	59.80%
Value of Specified Owner-Occupied Units	The State	Village of Elk Grove	Village of Mount Prospect	City of Prospect Heights	City of Rolling Meadows
Less than \$50,000	6.7%	2.2%	0.6%	1.7%	1.6%
\$50,000 to \$99,999	13.8%	1.2%	1.9%	6.7%	0.9%
\$100,000 to \$149,999	14.2%	6.3%	5.0%	15.0%	9.8%
\$150,000 to \$199,999	15.8%	9.8%	8.7%	14.9%	16.7%
\$200,000 to \$299,999	22.1%	35.7%	22.9%	14.5%	35.3%
\$300,000 to \$499,999	18.7%	40.9%	52.0%	34.1%	27.4%
\$500,000 to \$999,999	7.2%	3.4%	8.7%	12.1%	8.1%
\$1,000,000 or more	1.6%	0.4%	0.2%	0.9%	0.3%
	100.0%	100.0%	100.0%	100.0%	100.0%
Median Value	\$198,500	\$286,800	\$329,000	\$286,900	\$262,500
Owner-Occupied	68.70%	77.60%	72.30%	75.20%	73.90%
Value of Specified Owner-Occupied Units	Village of Wheeling				
Less than \$50,000	4.5%				
\$50,000 to \$99,999	3.8%				
\$100,000 to \$149,999	9.7%				
\$150,000 to \$199,999	19.1%				
\$200,000 to \$299,999	36.3%				
\$300,000 to \$499,999	23.1%				
\$500,000 to \$999,999	3.1%				
\$1,000,000 or more	0.4%				
	100.0%				
Median Value	\$229,700				
Owner-Occupied	66.20%				

Source: American Community Survey, 2007 – 2011 American community Survey 5-year estimates, Census Bureau  
Please note that totals may not equal 100.0% due to rounding

## **Summary of Outstanding Debt**

Moody's has affirmed its municipal bond rating of Aa1 with a positive outlook to the outstanding General Obligation Limited Tax debt. This rating reflects the district's strong financial position and proactive financial management, a substantial but declining tax base located within the Chicago metropolitan area, minimal debt burden, and above average socioeconomic profile. The strengths include healthy general fund reserves, strong financial management team that utilizes long-term and multi-scenario financial planning, substantial tax base located within Chicago metropolitan area, and above average socioeconomic profile. Challenges include declines in assessed valuations.

Over the past eight years, District 214 has refunded several series of bonds, saving the district nearly \$2 million in interest.

District 214 approved a \$20 million bond issuance for capital projects to improve the sites of, build and equip additions to and alter, repair and equip the existing school buildings of the district. These types of capital projects are long term facilities improvements that warrant a long term capital projects financing strategy. The bond proceeds were revenue in FY 2012 and the proceeds will be budgeted and expended annually as required for capital projects. The District is planning on completing the projects earmarked under this bond issuance.

## **Financial Profile**

Since spring of 2003, the Illinois State Board of Education (ISBE) has utilized a new system for assessing a school district's financial health. The new financial assessment system is referred to as the "School District Financial Profile".

The new system uses five indicators which are individually scored and weighted in order to arrive at a composite district financial profile. The indicators are as follows: fund balance to revenue ratio; expenditures to revenue ratio; days' cash on hand; percent of short-term borrowing ability remaining; and percent of long-term margin remaining.

The best category of financial strength is Financial Recognition. A school district with a score of 3.54 - 4.00 is assigned to this category. These districts require minimal or no active monitoring by ISBE unless requested by the district. The District's overall score for Fiscal Year 2009, as reported by the Illinois State Board of Education was 3.90. Township High School District 214's overall score for Fiscal Year 2010, 2011, 2012, 2013, 2014, and 2015, as reported by the Illinois State Board of Education was 4.0, which is the highest Financial Recognition issued by ISBE.

## **Financial Management Controls and Current Financial Update**

- It is a goal of the School Board to adopt a balanced annual operating budget.
- It is a goal of the School Board to maintain a general and working cash fund balance to cover at least 4 to 6 months of expenditures.
- The School Board shall act on:
  - All expenditures
  - All inter-fund loans and inter-fund transfers.
- As part of the District's monthly financial packet, the Board receives fund balances, a list of bills payable, a summary of investments and the District's current cash position as well as year-to-date and month-to-date budget-to-actual figures.
- The District maintains a long term capital facilities plan.
- The District prepares long range financial projections using the Financial Planning Program (FPP) model which provides the ability to address "what if" scenarios.
- The District's auditor attends the Board of Education meeting to address any questions the Board may have regarding the audit and questions they may have in regard to audit findings.
- The District has implemented a district philosophy with augmenting building autonomy in efforts to achieve operational and financial efficiencies.
- Multi-year replacement schedules for long-life assets have been developed at the District level to allocate annual costs and assist in projecting future needs.
- The District has not issued any tax anticipation warrants or revenue anticipation notes in order to meet its short-term current year cash flow requirements.
- The District has no record of default and has met its debt repayment obligations promptly.
- Administrative Salary: Yearly contract. 2015-2016 salary increase 1.0% plus the progression on the wage schedule.
- Food Service Salary: Yearly contract. 2015-2016 salary increase 0.0% plus the progression on the wage schedule.
- Educational Association: Contract through June 30, 2019. 2015-2016 salary increase 1.0% plus the progression on the wage schedule.
- Custodial Maintenance Association: Contract through June 30, 2019. 2015-2016 salary increase 2.5% plus progression on the wage schedule.
- Educational Support Personnel: Contract through June 30, 2017. 2015-2016 salary increase 2.8% plus progression on the wage schedule.
- The District's PPO and HMO health plans are self-funded and administered through Blue Cross/Blue Shield (BCBS) of Illinois.
- As of January 1, 2015, the District instituted a High Deductible PPO plan with Health Savings Account as an additional Health Insurance option for employees.

## **Reporting Entity**

The District included all funds that are controlled by or dependent on the Board of Education of the District, as determined on a basis of financial accountability over any other entity and thus does not include any other entity as a component unit in this report. Additionally, the District is an independent entity, not includable as a component unit of any other reporting entity.

### **Accounting Systems and Budgetary Control**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles, which are appropriate to local government units of this type. The presentation allows the reader to obtain an overview of the District's financial operations by viewing the combined statements. Detailed representations of the combined statements are available throughout the remainder of the report.

The District administration is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal controls are designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

As part of the audit of the District, the District's independent auditor considered the District's internal controls, to determine auditing procedures for the purpose of expressing an opinion on the financial statements. The auditor also performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. The results of the audit for the fiscal year ended June 30, 2016 are included. The District maintains sound budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the District's Board of Education.

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

### **Cash Management**

Cash and Investments of the District are maintained by the District Treasurer. The Board of Education appointed the Associate Superintendent for Finance and Operations to serve as the District Treasurer. The Treasurer is responsible for the investment of funds. Investments are maintained in deposits with financial institutions, savings and checking accounts and non-negotiable certificates of deposit, repurchase agreements, and U.S. Treasury obligations. Certificates of deposits are covered under FDIC insurance limits or are privately insured or collateralized. The treasurer submits monthly investment reports to the Board of Education. The District secures investment bids prior to investing funds. Investment strategies are structured to obtain the best yield for all invested funds, while meeting the District's goals of safety and liquidity.

### **Risk Management/Insurance**

District 214 is member of the Secondary School Cooperative Risk Management Program (SSCRMP). District 214 along with District 211, District 207, and District 225 participate in this comprehensive risk management pool. Coverage includes property casualty, general liability, school board liability, vehicle liability, professional liability, workers compensation, and administrative health insurance. District 214 is self-insured for employees medical, vision, and dental insurance. Independent third-party companies administer benefit claims for the District's self-insurance plans.

### **Capital Assets**

The District utilizes an outside appraisal service for the appraisal, control and inventory of capital assets. Industrial Appraisal Company completed a comprehensive appraisal of the District's assets during fiscal year 2014. The results of the external appraisal were reviewed with the financial software fixed asset module to verify the accuracy of the capital asset data. Appraisals are used for verification and updating of replacement values for inventory and insurance purposes. The financial software system includes a fixed asset module to assist with the accuracy of the capital asset data.

### **District Departments**

District 214's departments are both informed and vested in their specialized roles to achieve the District goals. Communicating the progress toward these goals is essential for ongoing work process improvement. Examples of how various work processes advance the District 214 goals include:

### **Teaching and Learning**

The Teaching and Learning department provides instructional leadership and coordinates district curriculum, instruction, and instructional materials for the purpose of student achievement and learning. Teaching and Learning encompasses many departments, including: academic programs, instructional materials and media, summer school, fine arts, and Navy Junior Reserve Officer Training (NJROTC).

### **Career and Technical Education**

The Career and Technical Education department oversees several instructional opportunities for students. The District CTE Internship Program works with students to fully explore and consider the extent of their career development, outside the conventional classroom, working with employers who serve as inspirational role-models. The district Practical Architecture Program (PAC) provides students with actual on-site work experience in the construction trades. Project Lead the Way (PLTW) is a sequential engineering program that can potentially lead to 15 college credits. Students completing the Cosmetology program during Junior and Senior year are prepared to take the Illinois State Board Licensing Exam. Many other opportunities are also available.

### **Drivers Education**

Each student must pass the classroom portion of Driver Education in order to graduate high school. Participation in the laboratory portion of Driver Education is elective.

## **English Language Learner Program (ELL)**

Newcomer Center is designed to meet the learning and acculturation needs of students who: 1) are recent arrivals to the United States, 2) are at the beginning level of English fluency, and 3) might have gaps in their formal education. The center provides intensive English language and content instruction, and counseling with a strong emphasis on transitioning students to their home high schools.

## **Research and Evaluation**

Research and Evaluation administers and analyzes district testing, such as the Prairie State Assessment Examination and Placement tests. The department provides information about student performance in order to enhance student learning and school improvement, so that our students receive the best education available.

## **Professional Learning**

The Professional Learning department promotes continuous improvement of district staff through training, dissemination of professional resources, and professional growth.

## **Human Resources**

- Recruitment, development, and retention of high caliber staff are key components in enabling District 214 to perform at the highest level of achievement.
- The Human Resources Department is dedicated to promoting a positive work environment, encouraging employees to perform at the highest level of achievement and to contribute in meaningful ways to the district.
- District 214 has implemented Global Compliance Network (GCN) online training modules as part of yearly staff orientation related to compliance issues, such as, blood-borne pathogens, crisis plan, drug/alcohol policy, internet policy, mandated reporter policy, and general/sexual harassment. In addition, custodial maintenance employees are required on a yearly basis to review hazard communications, personal protection equipment, and slip & fall prevention videos.
- Aesop is the electronic absence reporting and substitute system that can be utilized 24 hours a day, seven days a week. The system accurately tracks sick, personal, and vacation time for employees.
- Coordinates the district Wellness Day.

## **Student Services**

- The Student Services Department provides information that pertains to a student's legal rights and responsibilities. The department provides support and direction to district counselors, special education teams, nurses, data processors, and registrars.
- Township High School District 214 is committed to serving all students with special needs. Due to an increase in the number of students being served in the transition/vocational program the Bridge construction project converted several existing classrooms at the Forest View Educational Center. The Bridge program allows for an extended educational experience in the way of daily living skills and community connections for students with special needs between the ages of 18 – 21.
- To meet the needs of our alternative school students, an instructional coach was hired to observe and coach new and experienced teachers as they assist in the implementation of school and district instructional goals.

- The Career Life Skills Program (CLS) provides students with significant cognitive delays, an opportunity for academic, vocational, and social growth.
- The Academy at Forest View School gives students an opportunity to deal with significant emotional or behavioral challenges through a therapeutic approach while continuing their progress toward a high school diploma. Students focus on developing independence belonging, mastery, and generosity in the school and community.
- Vanguard School is an alternative program that provides a nontraditional educational experience for District 214 students who are not meeting the educational credits. Through social emotional support we build positive relationships that help students find their pathway to success. Vanguard is a pioneering effort that provides a nontraditional education where a team of teachers implements new instructional techniques, uses innovative curriculum, and utilizes community resources to meet the academic needs and career aspirations of students.
- Newcomer Center is designed to meet the learning needs of high school aged second language learners who recently arrived in the United States. After completing the program, students are transitioned to their home high school.
- The Young Adult Program is designed to help young adults earn their high school diploma in the evening, offering credit recovery for students who are currently enrolled in day school.

### **Community Engagement and Outreach**

- The Community Engagement and Outreach Department focuses on raising awareness of and creating a dialogue among internal and external stakeholders regarding the innovative examples of teaching and learning in the District.
- The department is charged with enhancing the national narrative of public education to include examples, as illustrated by District 214, in which public education is working.
- Coordinated communication between the district and community.
- Handles media requests and works to promote the achievements of District 214 students, faculty, and staff.

### **Community Education**

- Offers more than 500 classes in six program areas.
- Serves English as a Second Language (ESL), Adult Basic Education (ABE), & General Educational Development (GED) students.
- Provides community connections through a variety of communications, including: Continuing Education booklet, Gold Card Club newsletter, Foundation newsletter, Community Education Travel newsletter, Website, Community Education Advisory Council, and partnerships with local organizations.
- Provides Adult Education, Family Literacy, Continuing Education, and Intergenerational programs.
- Community Education programs, workshops, councils, service learning, committees, and volunteers, bringing total participation to approximately 50,000.
- Provides lifelong learning opportunities for all its residents.

## **Finance and Operations**

The Finance and Operations Department has been recognized for financial excellence by receiving the Meritorious Budget Award from ASBO International for the budget documents for 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, and 2015-2016. The Department strives for excellence in financial reporting. We have received the Certificate of Excellence Award in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for 2009, 2010, 2011, 2012, 2013, 2014, and 2015. The District has received the Certificate of Financial Recognition from the Illinois State Board of Education (ISBE) "School District Financial Profile" scoring system since 2003. The District received a 4.0 School District Financial Profile score from ISBE for fiscal years 2010, 2011, 2012, 2013, 2014, and 2015.

## **Food and Nutrition Services**

- Beginning in 2014-2015, the District has opted out of the National School Lunch Program and is participating in the Special Milk Program.
- Serve meals that incorporate a variety of foods that are appealing to students and which follow the dietary guidelines.
- To provide safe, nutritious, and appetizing meals at a fair price to promote and encourage the development of sound nutrition habits that will foster academic success.
- Food is prepared on site in all of our buildings.
- The school Breakfast Program is available to all students every weekday morning school is in session.

## **Operations**

- On a yearly basis, update and implement the long range capital projects program. The District prides itself on outstanding and continual upkeep and improvement to all facilities. The District is comprised of seven campuses.

<b>Name of Building</b>	<b>Year Built</b>	<b>Square Footage</b>
Prospect	1957	332,841
Forest View	1962	322,184
Wheeling	1964	337,357
Elk Grove	1966	350,000
John Hersey	1968	360,881
Rolling Meadows	1971	379,629
Buffalo Grove	1973	427,000

- Annually the Operations Department reviews infrastructure and facilities-related academic priorities of the District and incorporates these priorities in the five-year planning process.
- District 214 boasts state of the art facilities with an ice system in place which makes ice at night when electricity costs are lower, to assist in cooling the buildings during the day. The electrical air conditioning units do not come on during the day until the ice has melted, which is environmentally friendly.
- Energy and Environmental Committee includes citizens/parents of our communities.
- Continue to explore and expand our intergovernmental partnerships as they relate to cost savings and facility usage and development.

- Maintain in-house trades professionals that help us reduce costs and repair response times on a multitude of electrical, plumbing, mechanical, equipment and carpentry work.
- Continue to expand our efforts to reuse, recycle and reduce our waste stream in many areas.
- Continue to increase revenues through a facilities rental program that seeks to balance community needs with appropriate facilities stewardship.
- Continue to plan for future upgrades by developing roofing/curtain wall, mechanical and other facility improvement priority lists which include basic scope of work, potential year of implementation and projected costs.
- Continued purchasing of “green” custodial equipment and supplies, and trained staff on proper usage.
- Two of our buildings, Buffalo Grove High School in 2010 and Elk Grove High School in 2015, have earned the prestigious ENERGY STAR rating from the United States Environmental Protection Agency. To qualify for the ENERGY STAR rating, a building’s energy performance must score in the top 25% based on the EPA’s National Energy Performance Rating System. Commercial buildings that earn the ENERGY STAR rating use an average of 35% less energy than typical buildings and also release 35% less carbon dioxide into the atmosphere.
- District 214 and Robert Morris University (RMU) developed a comprehensive Facility Use Agreement for fifteen years, through June 30, 2027.

## **Technology**

- Recognized as a leader for the fullest implementation of technology benchmarks in the evolution of digital education.
- The District is committed to the use of technology to enhance learning opportunities of all learners to develop the 21<sup>st</sup> century skills of inventive thinking, effective communication, high productivity, and digital-age literacy to create innovative solution to real world problems.
- By using technology to track and analyze incoming data, District 214 is better able to identify emerging student needs, both for opportunities and interventions.
- Students contribute to wikis, write blogs, create YouTube videos, and engage in a wide variety of other interactive online activities.
- The Technology Department follows the Information Technology Infrastructure Library to improve technology efficiencies, effectiveness, and processes.
- District 214 uses a mass notification system called “School Messenger” which allows the district to communicate the goals and support achievement by informing community, parents, and students through emails or voice messages.
- District 214 is preparing students for technology-based careers with options of taking Java, A+ Certification, and Cisco Networking courses.
- District 214 was named a 2010 Technology Leadership Network Salute District.
- District 214 was ranked 2<sup>nd</sup> in the nation in the 2012 Digital School District Surveys.
- National School Boards Association named Township High School District 214 as the recipient of the 2010 Salute Trailblazer Award honoring the use of technology to promote student achievement.

- Named a “Top 10 District” by the Learning Counsel. The District’s responses to a Curriculum Survey assessment, among other criteria, organizational practices, digital curriculum tactics and usage ranked it as one of the 10 best school districts in the nation.
- Upgraded its network to provide the bandwidth necessary for students and staff to access 21<sup>st</sup> century cloud-based curriculum.

### **Business Services**

- The Business Office performs the day-to-day financial activity of the District.
- The Business Office encompasses: accounting, insurance (health, liability, and risk management), payroll, purchasing, transportation, treasury function, workers compensation, data production services, and mailroom.
- Continue working with the PMA Financial Network long range projection model.
- Expanded the electronic/paperless purchasing and on-line payment plan.
- Increased the programs using the electronic/paperless payment of registration fees.
- Continuing Safety Committees at each building to decrease Workers’ Compensation accidents and student accidents.
- Secondary School Cooperative Risk Management Program (SSCRMP) with District 211, District 207, and District 225. We have contracted with Alternative Service Concepts (ASC) for a full time dedicated adjuster and safety director who are both placed on site at District 214. It has proved that the expanded workers compensation model reduces the number of student, staff, visitor, and transportation accidents, saving District 214 (and SSCRMP in its entirety) significant money.
- SSCRMP has agreed to pool for the purpose of leveraging our size. The pooling approach improves service and position to weather the many health care initiatives and increased coverage paid for by the employer over the next several years.
- The District utilizes an outside appraisal service for the appraisal, control and inventory of capital assets. Appraisals are used for verification and updating of replacement values for inventory and insurance purposes. The District maintains a set of procedures and an approval process for the disposal, removal, loan or hire of district property in Section 3551 of the Board of Education Policy Manual. The policy is in compliance with ILCS 5/10-22.8.
- The District maintains a set of procedures and approval process for contract approval, bid requirements and awards and for purchasing in accordance with 105 ILCS 5/10-20.21 in section 3310 of the Board of Education Policy Manual. The policy includes:
  - Guidelines and dollar amounts for bids and quotes
  - Guidelines and dollar amounts for contract approvals
  - Pre-approval of purchase orders before purchasing
  - Purchasing within budgetary limitations
  - Board approval of lease agreements
  - Cooperative purchasing
  - Conflict of interest and ethical guidelines
- Data Production Services (DPS) provides complete production capabilities for district office and individual school requests.

- Mailroom provides courier service between buildings for collection/distribution of internal and external documents and mail.

**Economic Condition and Outlook of Local Economy**

The current Equalized Assessed Value (EAV) for the District is \$7.4 billion. The 2015 EAV is slightly lower than the 2014 EAV of \$7.5 billion. New property for 2015 is approximately \$34 million.

Tax Increment Financing (TIF) is a program designed to create economic growth in areas of a community where redevelopment likely would not occur without public investment. When a TIF is created, the EAV is frozen, and the school district does not receive additional tax dollars produced within the TIF district during the duration of the TIF. Therefore, incremental EAV accumulates within the TIF district and tax revenue generated is redirected to the respective village for economic development purposes within the TIF boundaries. Township High School District 214 currently has 16 TIF districts within our boundaries which are at various points in the lifecycles.

School funding in the State of Illinois is in flux. Issues are being challenged in the legislature. Township High School District 214 supports a position that will help preserve access to funding and provide opportunities for the students within the District.

Over the past several years, District 214 has implemented many cost containment initiatives:

<b><u>Cost Containment Initiative</u></b>	<b><u>Total Savings</u></b>
Staff	\$2,500,000
Insurance	21,000,000
Technology	4,800,000
Food Service	150,000
Transportation	650,000
Operations & Maintenance	900,000
Total Cost Containment	\$30,000,000
Increased Revenue	\$250,000
<b>Total</b>	<b>\$30,250,000</b>

Cost containment initiatives will be continually reviewed and implemented as needed based on the financial projections for upcoming years.

As Township High School District 214 has developed long-range financial projections, it has considered enrollment projections, staffing plans, program evaluation and needs, special education services, technology, and facilities improvement and maintenance on both a short-term and long-term basis. These factors have been evaluated with an overall goal to maintain quality educational programs.

The District will continue to implement cost containment initiatives, explore revenue opportunities, explore new partnership possibilities, improve cost efficiencies, and control expenses within the financial resources that are available to Township High School

District 214. The Board and Administration are dedicated to excellence in education, seeking to balance educational needs with sound fiscal practices.

**Independent Audit**

The District complies with Illinois School Code regarding the annual audit of the District's financial records and transactions of all funds of the District. The independent certified public accountant auditors' reports are an integral part of this report.

**Closing Statement**

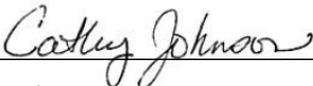
It is our belief that this Comprehensive Annual Financial Report will provide the District 214 management, community members, and stakeholders with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the Township High School District 214 financial condition as of June 30, 2016.

**Acknowledgment**

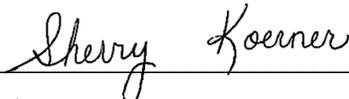
We wish to thank the members of the Board of Education for their interest and support in planning and conducting the financial operations of the District.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of all the members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

Respectfully submitted,



Cathy Johnson  
Associate Superintendent for  
Finance & Operations



Sherry Koerner  
Director of Business Services



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**Township High School District 214**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

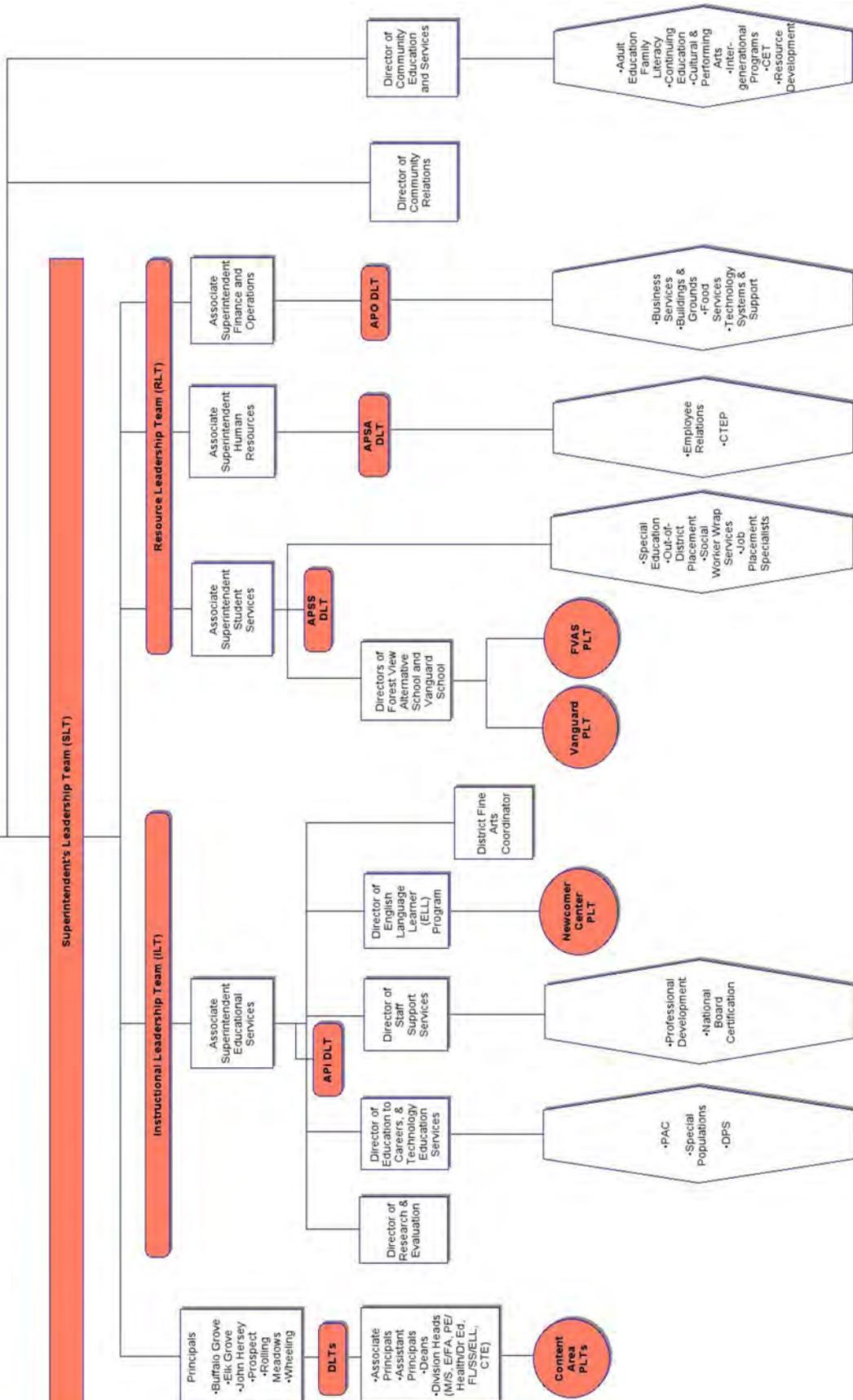
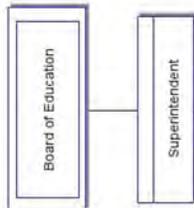
John D. Musso, CAE, RSBA  
Executive Director

# ORGANIZATION CHART



**Key to Acronyms**

- AP: Associate Principal-Instruction
- APC: Associate Principal-Operations
- APSA: Assistant Principal-Student Activities
- APSS: Assistant Principal-Student Services
- EL: English Language Learner
- FL: Foreign Language
- FVMS: Forest View Alternative School
- FS: Forest View School
- PAC: Practical Architectural Construction
- PE: Physical Education
- PLT: Professional Learning Team
- SS: Social Science



**Township High School District 214  
Cook County  
2121 S. Goebbert Road  
Arlington Heights, IL 60005**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

**Principal Officers and Advisors**

**Board of Education**

Alva Kreutzer	President	November 1999 - April 2019
Todd Younger	Vice President	August 2011 - April 2017
Miriam (Mimi) Cooper	Member	November 1989 - April 2017
William Dussling	Member	May 1998 - April 2019
Mark Hineman	Member	April 2009 - April 2017
James Perkins	Member	April 2007 - April 2017
F. Daniel Petro	Member	April 2011 - April 2019

**District Administration**

David Schuler	Superintendent
Cathy Johnson	Associate Superintendent for Finance & Operations
Kurt Laakso	Associate Superintendent for Human Resources
Lazaro Lopez	Associate Superintendent for Educational Services
Marni Johnson	Assistant Superintendent for Student Services

**Board of Education Goals**

1. Provide quality education while maintaining a balanced budget and serving increasing numbers of students.
2. Increase student learning through engagement, positive relationships, and innovative programs.
3. Expand lifelong learning opportunities for residents of all ages through positive relationships, community involvement, and collaborative planning in the efficient use of resources.

**Township High School District 214**

2121 S. Goebbert Road  
Arlington Heights, IL 60005  
www.d214.org

**Comprehensive Annual Financial Report**

As Of And For the Year Ended June 30, 2016

**Building Information**

**Buffalo Grove High School**

1100 W. Dundee Road  
Buffalo Grove IL 60089

**Principal: Jeff Wardle**

**Elk Grove High School**

500 W. Elk Grove Blvd.  
Elk Grove IL 60007

**Principal: Paul Kelly**

**The Academy at Forest View**

2121 S. Goebbert Road  
Arlington Heights IL 60005

**Director: Kara Kendrick**

**John Hersey High School**

1900 E. Thomas Street  
Arlington Heights IL 60004

**Principal: Gordon Sisson**

**Newcomer Center**

2121 S. Goebbert Road  
Arlington Heights IL 60005

**Director: Norman Kane**

**Prospect High School**

801 W. Kensington Road  
Mount Prospect IL 60056

**Principal: Michelle Dowling**

**Rolling Meadows High School**

2901 W. Central Road  
Rolling Meadows IL 60008

**Principal: Eileen Hart**

**Vanguard School**

2121 S. Goebbert Road  
Arlington Heights IL 60005

**Director: Kate Kraft**

**Wheeling High School**

900 S. Elmhurst Road  
Wheeling IL 60090

**Principal: Angela Sisi**

**Forest View Educational Center**

2121 S. Goebbert Road  
Arlington Heights IL 60005

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Township High School District 214  
Arlington Heights, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township High School District 214, Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Township High School District 214'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 accounting principles generally accepted in the United States of America; this includes 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 Township High School District 214'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 Township High School District 214'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.

To the Board of Education  
Township High School District 214

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Township High School District 214, Illinois, as of June 30, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township High School District 214's basic financial statements. The supplementary information for the year ended June 30, 2016 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2016, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2016.

To the Board of Education  
Township High School District 214

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Township High School District 214 as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated October 13, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township High School District 214's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are 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 5, 2016 on our consideration of Township High School District 214's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township High School District 214's internal control over financial reporting and compliance.



Oak Brook, Illinois  
October 5, 2016

# **Township High School District 214**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2016**

---

The discussion and analysis of Township High School District 214's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2016. The management of the District encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and 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 required to be presented in the Management's Discussion and Analysis (the "MD&A").

#### **Financial Highlights**

- > In total, net position increased by \$13.0. This represents a 4% increase from 2015.
- > General revenues accounted for \$223.7 in revenue or 73% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$84.5 or 27% of total revenues of \$308.2.
- > The District had \$295.2 in expenses related to government activities. However, only \$84.5 of these expenses were offset by program specific charges and grants.
- > The District received the Meritorious Budget Award (MBA) for six consecutive years, for the 2010 2011 through 2015-2016 Budgets from the Association of School Business Officials (ASBO) International. The MBA recognizes excellence in school budget presentation and is conferred on school districts that have met or exceeded strict guidelines.
- > The District received the Certificate of Excellence Award in Financial Reporting for seven consecutive years, for the fiscal years ending June 30, 2009 through June 30, 2015 from ASBO International. This award reflects the District's commitment to the highest standards of school system financial reporting.
- > The District received the 2016 Financial Profile Designation of 4.0, based on the 2014-2015 annual financial data. It was the 6th year the District received the perfect 4.0 financial score.
- > The Board adopted a Fund Balance White Paper and has maintained an adequate fund balance level.
- > The District met its goal of a balanced operating budget.
- > In October, 2013, the District reviewed its long-term financial situation and identified potential capital projects to directly support and enhance the teaching and learning environment across that District. It was determined that approximately \$45 million will be expended during fiscal years 2015-2016 through 2017-2018 for projects at our facilities. The aquatic facility at Prospect High School was started prior to legislative and zoning complications. Construction throughout the District was suspended until the summer of 2017.

# **Township High School District 214**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2016**

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#### **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.

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

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

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District 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 can be divided into two categories: governmental funds and fiduciary funds (the District maintains no proprietary funds).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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.

# **Township High School District 214**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2016**

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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 the 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.

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

#### *Notes to 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 required supplementary information concerning information on the District's pension benefits.

**Township High School District 214**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2016**

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**Government-Wide Financial Analysis**

The District's combined net position was greater on June 30, 2016, than it was the year before, increasing 4% to \$328.5.

<b>Table 1</b>		
<b>Condensed Statements of Net Position</b>		
<b>(in millions of dollars)</b>		
	<u>2015</u>	<u>2016</u>
<b>Assets:</b>		
Current and other assets	\$ 287.6	\$ 273.9
Capital assets	<u>225.3</u>	<u>248.4</u>
Total assets	<u>512.9</u>	<u>522.3</u>
Total deferred outflows of resources	<u>11.7</u>	<u>20.7</u>
<b>Liabilities:</b>		
Current liabilities	7.8	7.8
Long-term debt outstanding	<u>96.9</u>	<u>104.1</u>
Total liabilities	<u>104.7</u>	<u>111.9</u>
Total deferred inflows of resources	<u>104.4</u>	<u>102.6</u>
<b>Net position:</b>		
Net investment in capital assets	166.9	194.2
Restricted	32.2	30.1
Unrestricted	<u>116.4</u>	<u>104.2</u>
Total net position	<u>\$ 315.5</u>	<u>\$ 328.5</u>

Revenues in the governmental activities of the District of \$308.2 exceeded expenses by \$13.0.

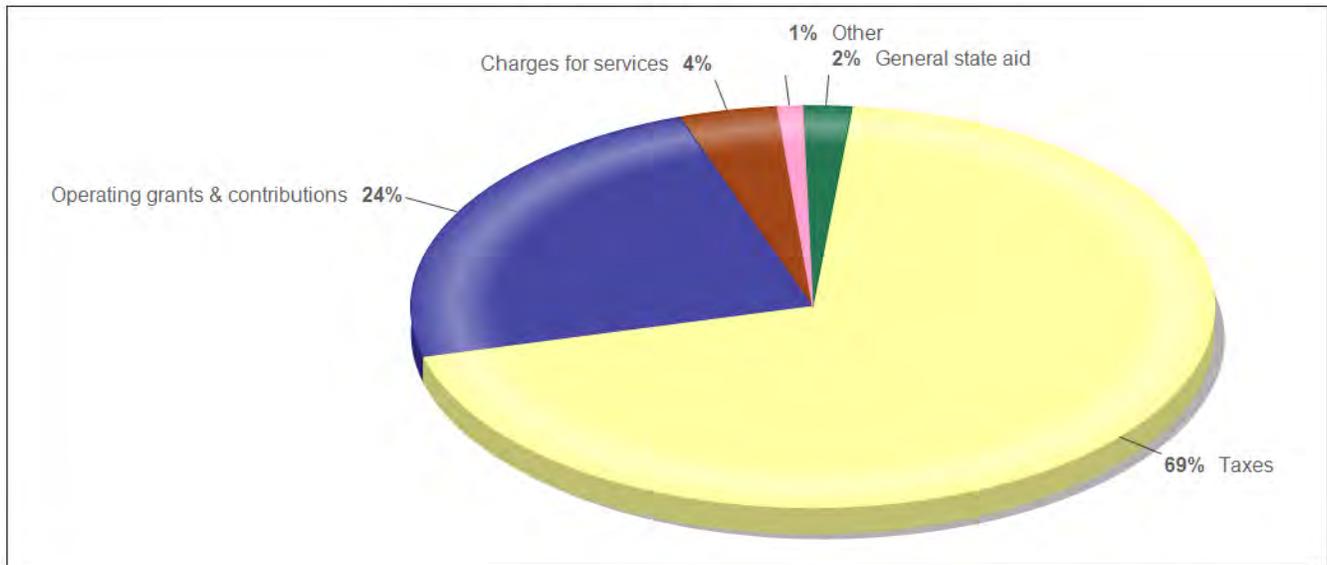
**Township High School District 214**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2016**

<b>Table 2</b>		
<b>Changes in Net Position</b>		
<b>(in millions of dollars)</b>		
	<u>2015</u>	<u>2016</u>
<b>Revenues:</b>		
<i>Program revenues:</i>		
Charges for services	\$ 14.8	\$ 11.7
Operating grants & contributions	69.3	72.6
Capital grants & contributions	0.5	0.2
<i>General revenues:</i>		
Taxes	209.9	214.4
General state aid	5.6	6.1
Other	<u>2.2</u>	<u>3.2</u>
Total revenues	<u>302.3</u>	<u>308.2</u>
<b>Expenses:</b>		
Instruction	186.8	194.0
Pupil & instructional staff services	32.6	31.5
Administration & business	20.7	18.7
Transportation	8.0	8.8
Operations & maintenance	33.1	28.5
Other	<u>10.9</u>	<u>13.7</u>
Total expenses	<u>292.1</u>	<u>295.2</u>
<b>Increase (decrease) in net position</b>	<b><u>\$ 10.2</u></b>	<b><u>\$ 13.0</u></b>

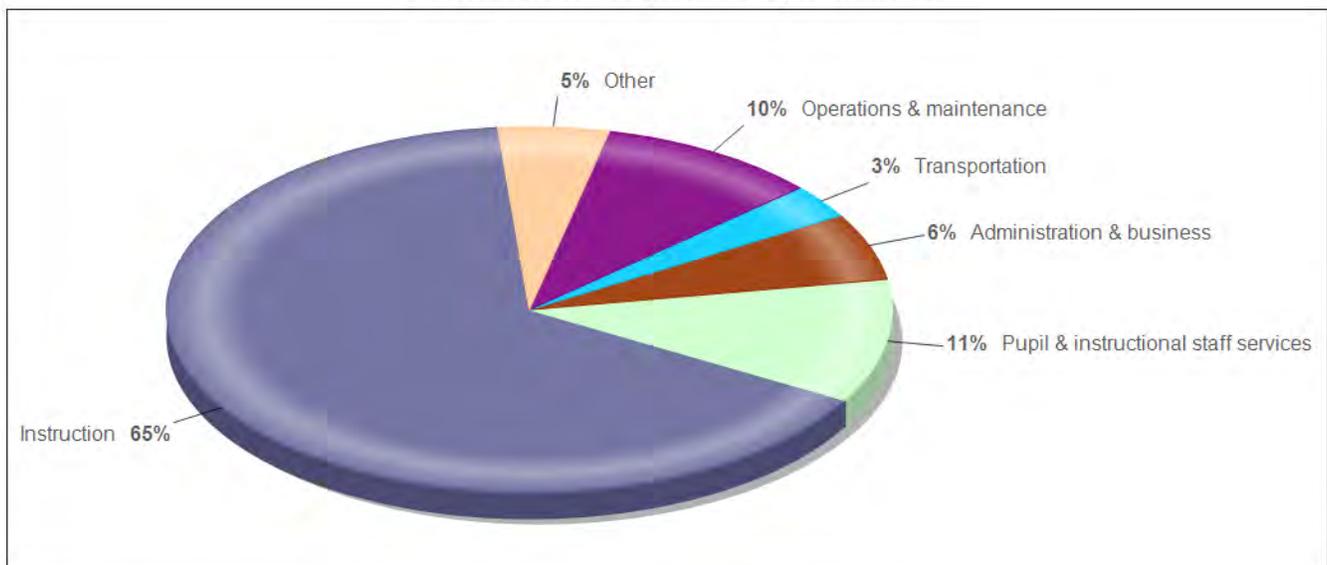
Property taxes accounted for the largest portion of the District's revenues, contributing 69%. The remainder of revenues came from state, federal grants and other sources. The total cost of all the District's programs was \$295.2, mainly related to instructing and caring for the students and student transportation at 79%.

**Township High School District 214**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2016**

**District-Wide Revenues by Source**



**District-Wide Expenses by Function**



**Financial Analysis of the District's Funds**

The District's Governmental Funds balance decreased from \$176.3 to \$162.2.

The General Fund decreased approximately \$24.6 million due to transfers to fund feasibility projects.

The Operations and Maintenance Fund increased approximately \$1.8 million due to actual revenue greater than budget and actual expenditures less than budget.

# **Township High School District 214**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2016**

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The Transportation Fund increased approximately \$0.2 million due to actual expenditures less than expected.

The Municipal Retirement/Social Security Fund increased approximately \$0.7 million due to actual revenue being slightly more than budget and actual expenditures being slightly less than budget.

The Debt Service Fund remained consistent in fund balance.

The Capital Projects Fund increased \$7.5 million due to the expenditures being less than anticipated due to the impact of legislative construction delays during 2015-2016.

#### **General Fund Budgetary Highlights**

Actual revenues (excluding on behalf payments) in the General Fund were \$190.0 million, which is within 2.5% of budget. Minor variances occurred, such as:

- > Local revenue was less than budgeted. Property taxes were slightly more than budgeted. Corporate personal property replacement taxes were less than budgeted. Textbook rentals were less than budgeted. Other local revenue was less than budgeted.
- > State revenue was less than budgeted. Special education reimbursement was less than budgeted.
- > Federal revenue was equal to budgeted.

Actual expenditures (excluding on behalf payments) in the General Fund were \$190.0 million, which is within 2.9% of budget. Variances occurred, such as:

- > Actual fund salaries were less than budgeted due to contract provisions related to retirement payments, contract negotiations, and attrition.
- > Actual fund employee benefits were less than budgeted due to cost containments and employee insurance coverage selections.

**Township High School District 214**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2016**

**Capital Assets and Debt Administration**

*Capital assets*

By the end of 2016, the District had compiled a total investment of \$401.3 (\$248.4 net of accumulated depreciation) in a broad range of capital assets including buildings, land and equipment. Total depreciation expense for the year was \$11.0. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

<b>Table 3</b>		
<b>Capital Assets (net of depreciation)</b>		
<b>(in millions of dollars)</b>		
	<u>2015</u>	<u>2016</u>
Land	\$ 5.4	\$ 5.9
Construction in progress	8.0	16.2
Depreciable buildings, property, and equipment	<u>211.9</u>	<u>226.3</u>
Total	<u>\$ 225.3</u>	<u>\$ 248.4</u>

*Long-term debt*

The District retired \$1.5 in bonds and \$2.9 in debt certificates. At the end of fiscal 2016, the District had a debt margin of \$453.9. More detailed information on long-term debt can be found in Note 7 of the basic financial statements.

<b>Table 4</b>		
<b>Outstanding Long-Term Debt</b>		
<b>(in millions of dollars)</b>		
	<u>2015</u>	<u>2016</u>
General obligation bonds	\$ 42.8	\$ 41.3
Debt certificates	15.4	12.5
Capital leases and other	<u>38.7</u>	<u>50.3</u>
Total	<u>\$ 96.9</u>	<u>\$ 104.1</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:

One of the District's financial goals is to explore and increase revenue options. The District will continue to work to obtain the best interest rates possible on its investments in a changing interest rate market. The pooling of investments with Treasury districts increases investment yield. District 214 is addressing various sources of additional revenue, such as cell phone tower contracts, modification of student fees, increased rental income, and increased partnership opportunities.

Debt certificates will be used to fund capital projects for the next several years.

# **Township High School District 214**

## **Management's Discussion and Analysis (Unaudited)**

### **As of and for the Year Ended June 30, 2016**

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The District completed a capital projects feasibility study which will provide a unique opportunity to consider enhancements to the infrastructure of our schools, totaling no more than \$45 million over the next several years. During 2015-2016, legislative considerations reduced the amount of spend in 2015-2016, as we stopped some of our construction projects until there was resolve. We will begin our next large construction projects in Summer 2017.

The District implemented a new student information system in January 2015 to enhance the functionality of the software system.

The District entered into a contractual agreement with the Custodial Maintenance Association beginning July 1, 2015. The contract will expire June 30, 2019.

The District entered into a contractual agreement with the Education Association beginning July 1, 2014. The contract will expire June 30, 2019.

The District entered into a contractual agreement with the Educational Support Personnel Association beginning July 1, 2014. The contract will expire June 30, 2017.

The District received the Certificate of Excellence Award in Financial Reporting (CAFR) for fiscal years ending June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012, June 20, 2013, June 30, 2014 and June 30, 2015 from the Association of School Business Officials (ASBO) International. This award represents a very significant achievement and reflects the District's commitment to the highest standards of school system financial reporting. The District will continue to apply for the Certificate of Excellence Award in Financial Reporting on a yearly basis.

The District received the Meritorious Budget Award (MBA) for fiscal years 2011, 2012, 2013, 2014, 2015, and 2016 from ASBO International. The District will continue to apply for the MBA on a yearly basis. The MBA recognizes excellence in school budget presentation and is conferred on school districts that have met or exceeded strict guidelines. The program evaluates budget documents against specific criteria or minimum standards. This single document organized in a user friendly way translates plans for providing educational services into an easy to understand financial story.

The District has opted out of the National School Lunch Program. It has been determined that by opting out of the program, we will be able to provide students with nutritious meals and snacks that are balanced and offer variety to keep them satisfied. Our lunch programs and working toward becoming self-sufficient within the next couple years.

The District has 16 TIF Districts within our boundaries which are at various points in the lifecycles.

Due to reallocation of funds, each student in District 214 received an iPad beginning with the 2015-2016 school year.

**Township High School District 214**  
**Management's Discussion and Analysis (Unaudited)**  
**As of and for the Year Ended June 30, 2016**

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**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:

Associate Superintendent for Finance & Operations  
Township High School District 214  
2121 South Goebbert Road  
Arlington Heights, Illinois 60005

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## STATEMENT OF NET POSITION

AS OF JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES
<b>Assets</b>	
Cash	\$ 110,286
Investments	166,327,193
Receivables (net of allowance for uncollectibles):	
Interest	175,196
Property taxes	100,504,387
Replacement taxes	1,258,529
Intergovernmental	4,622,645
Accounts	303,014
Prepaid items	607,611
Capital assets:	
Land	5,926,581
Construction in progress	16,181,401
Depreciable buildings, property and equipment, net	<u>226,335,595</u>
Total assets	<u>522,352,438</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	<u>20,674,916</u>
Total deferred outflows of resources	<u>20,674,916</u>
<b>Liabilities</b>	
Accounts payable	3,990,330
Payroll deductions payable	7,859
Other current liabilities	2,660,960
Interest payable	189,291
Unearned student fees	100,407
Unearned other	889,092
Long-term liabilities:	
Other long-term liabilities - due within one year	6,963,983
Other long-term liabilities - due after one year	<u>97,092,431</u>
Total liabilities	<u>111,894,353</u>
<b>Deferred inflows of resources</b>	
Property taxes levied for a future period	100,504,387
Deferred inflows related to pensions	<u>2,050,322</u>
Total deferred inflows of resources	<u>102,554,709</u>
<b>Net position</b>	
Net investment in capital assets	194,231,285
Restricted for:	
Operations and maintenance	18,655,120
Student transportation	11,065,241
Retirement benefits	58,482
Debt service	379,483
Unrestricted	<u>104,188,681</u>
Total net position	<u>\$ 328,578,292</u>

See Notes to Basic Financial Statements

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental activities</b>					
Instruction:					
Regular programs	\$ 78,739,560	\$ 5,919,894	\$ 783,850	\$ -	\$ (72,035,816)
Special programs	27,021,294	18,092	9,910,968	-	(17,092,234)
Other instructional programs	31,098,300	852,432	1,455,852	-	(28,790,016)
State retirement contributions	57,215,265	-	57,215,265	-	-
Support Services:					
Pupils	19,273,332	-	-	-	(19,273,332)
Instructional staff	12,284,413	-	160,991	-	(12,123,422)
General administration	3,635,227	-	-	-	(3,635,227)
School administration	9,092,577	-	-	-	(9,092,577)
Business	5,955,870	3,683,773	72,610	-	(2,199,487)
Transportation	8,761,042	57,182	3,000,128	-	(5,703,732)
Operations and maintenance	28,489,587	1,210,425	-	178,544	(27,100,618)
Central	11,077,288	-	-	-	(11,077,288)
Other supporting services	126,661	-	-	-	(126,661)
Community services	199,960	-	-	-	(199,960)
Interest and fees	2,254,236	-	-	-	(2,254,236)
<b>Total governmental activities</b>	<b><u>\$ 295,224,612</u></b>	<b><u>\$ 11,741,798</u></b>	<b><u>\$ 72,599,664</u></b>	<b><u>\$ 178,544</u></b>	<b><u>(210,704,606)</u></b>

General revenues:

Taxes:

Real estate taxes, levied for general purposes	158,432,287
Real estate taxes, levied for specific purposes	46,561,768
Real estate taxes, levied for debt service	3,352,771
Personal property replacement taxes	6,100,843
State aid-formula grants	6,135,191
Investment income	956,136
Miscellaneous	<u>2,165,485</u>
<b>Total general revenues</b>	<b><u>223,704,481</u></b>

Change in net position	12,999,875
Net position, beginning of year	<u>315,578,417</u>
Net position, end of year	<b><u>\$ 328,578,292</u></b>

See Notes to Basic Financial Statements

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**GOVERNMENTAL FUNDS**  
BALANCE SHEET  
AS OF JUNE 30, 2016  
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Assets</b>				
Cash	\$ 110,286	\$ -	\$ -	\$ -
Investments	100,604,426	30,769,413	12,096,454	6,198,823
Receivables (net allowance for uncollectibles):				
Interest	106,758	31,628	12,741	6,522
Property taxes	76,585,154	15,161,845	3,078,146	4,077,478
Replacement taxes	1,175,746	-	-	82,783
Intergovernmental	3,868,808	-	753,837	-
Accounts	-	-	-	-
Prepaid items	607,611	-	-	-
<b>Total assets</b>	<b><u>\$ 183,058,789</u></b>	<b><u>\$ 45,962,886</u></b>	<b><u>\$ 15,941,178</u></b>	<b><u>\$ 10,365,606</u></b>
<b>Liabilities, deferred inflows of resources, and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 667,348	\$ 23,009	\$ 194,848	\$ -
Payroll deductions payable	1,443	6,357	22	37
Other current liabilities	2,582,185	78,775	-	-
Unearned student fees	100,407	-	-	-
Unearned other	889,092	-	-	-
<b>Total liabilities</b>	<b><u>4,240,475</u></b>	<b><u>108,141</u></b>	<b><u>194,870</u></b>	<b><u>37</u></b>
<b>Deferred inflows of resources</b>				
Property taxes levied for a future period	76,585,154	15,161,845	3,078,146	4,077,478
Unavailable state and federal aid receivable	2,545,455	-	753,837	-
Unavailable insurance reimbursement receivable	-	-	-	-
Unavailable local receipts receivable	-	-	-	-
Unavailable interest income receivable	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>79,130,609</u></b>	<b><u>15,161,845</u></b>	<b><u>3,831,983</u></b>	<b><u>4,077,478</u></b>
<b>Fund balance</b>				
Nonspendable	607,611	-	-	-
Restricted	-	18,655,120	11,065,241	5,910,985
Committed	2,052,362	-	-	-
Assigned	-	12,037,780	849,084	377,106
Unassigned	97,027,732	-	-	-
<b>Total fund balance</b>	<b><u>99,687,705</u></b>	<b><u>30,692,900</u></b>	<b><u>11,914,325</u></b>	<b><u>6,288,091</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 183,058,789</u></b>	<b><u>\$ 45,962,886</u></b>	<b><u>\$ 15,941,178</u></b>	<b><u>\$ 10,365,606</u></b>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL	
		2016	2015
\$ -	\$ -	\$ 110,286	\$ 110,500
801,789	15,856,288	166,327,193	176,447,591
845	16,702	175,196	265,046
1,601,764	-	100,504,387	101,756,880
-	-	1,258,529	1,253,360
-	-	4,622,645	5,349,991
-	303,014	303,014	1,853,014
-	-	607,611	570,430
<u>\$ 2,404,398</u>	<u>\$ 16,176,004</u>	<u>\$ 273,908,861</u>	<u>\$ 287,606,812</u>
\$ -	\$ 3,105,125	\$ 3,990,330	\$ 5,346,767
-	-	7,859	3,385
-	-	2,660,960	2,122,812
-	-	100,407	84,674
-	-	889,092	-
-	<u>3,105,125</u>	<u>7,648,648</u>	<u>7,557,638</u>
1,601,764	-	100,504,387	101,756,880
-	-	3,299,292	-
-	-	-	1,500,000
-	303,014	303,014	353,014
-	-	-	162,311
<u>1,601,764</u>	<u>303,014</u>	<u>104,106,693</u>	<u>103,772,205</u>
-	-	607,611	570,430
568,774	-	36,200,120	37,642,536
-	-	2,052,362	2,041,384
233,860	12,767,865	26,265,695	14,329,344
-	-	97,027,732	121,693,275
<u>802,634</u>	<u>12,767,865</u>	<u>162,153,520</u>	<u>176,276,969</u>
<u>\$ 2,404,398</u>	<u>\$ 16,176,004</u>	<u>\$ 273,908,861</u>	<u>\$ 287,606,812</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016

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Total fund balances - governmental funds		\$ 162,153,520
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		248,443,577
Net pension liability recognized in the Statement of Net Position does not provide current financial resources and is not included as a liability in the Governmental Funds Balance Sheet.		(40,920,450)
Certain revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:		
State and Federal aid	\$ 3,299,292	
Local revenue	<u>303,014</u>	
		3,602,306
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		20,674,916
Long-term liabilities included in the Statement of Net Position are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.		(63,135,964)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(2,050,322)
Interest on long-term liabilities accrued in the Statement of Net Position will not be paid with current financial resources and, therefore, is not recognized in the Governmental Funds Balance Sheet.		<u>(189,291)</u>
Net position of governmental activities		<u>\$ 328,578,292</u>

See Notes to Basic Financial Statements

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	OPERATIONS AND			
	GENERAL FUND	MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
<b>Revenues</b>				
Property taxes	\$ 158,432,287	\$ 31,360,678	\$ 6,650,372	\$ 8,550,718
Corporate personal property replacement taxes	2,435,586	-	-	465,257
State aid	67,817,796	-	2,246,291	-
Federal aid	5,371,476	-	-	-
Investment income	730,445	179,346	76,449	39,126
Other	<u>12,376,758</u>	<u>1,473,343</u>	<u>57,182</u>	<u>-</u>
Total revenues	<u>247,164,348</u>	<u>33,013,367</u>	<u>9,030,294</u>	<u>9,055,101</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular programs	76,530,739	-	-	1,553,627
Special programs	20,897,443	-	-	718,331
Other instructional programs	29,644,509	-	-	1,115,613
State retirement contributions	57,215,265	-	-	-
Support Services:				
Pupils	18,275,177	-	-	914,517
Instructional staff	11,739,632	-	-	478,619
General administration	3,483,394	-	-	128,780
School administration	8,700,674	-	-	359,543
Business	5,425,095	-	-	457,948
Transportation	-	-	8,541,564	25,251
Operations and maintenance	58,638	19,920,247	-	2,080,895
Central	9,629,339	-	-	448,932
Other supporting services	109,835	-	-	12,509
Community services	64,836	107,456	-	13,621
Payments to other districts and gov't units	5,093,804	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>400,946</u>	<u>3,436,521</u>	<u>266,320</u>	<u>-</u>
Total expenditures	<u>247,269,326</u>	<u>23,464,224</u>	<u>8,807,884</u>	<u>8,308,186</u>
Excess (deficiency) of revenues over expenditures	<u>(104,978)</u>	<u>9,549,143</u>	<u>222,410</u>	<u>746,915</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(24,897,506)	(7,740,775)	-	-
Capital lease value	<u>385,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(24,512,406)</u>	<u>(7,740,775)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(24,617,384)	1,808,368	222,410	746,915
Fund balance, beginning of year	<u>124,305,089</u>	<u>28,884,532</u>	<u>11,691,915</u>	<u>5,541,176</u>
Fund balance, end of year	<u>\$ 99,687,705</u>	<u>\$ 30,692,900</u>	<u>\$ 11,914,325</u>	<u>\$ 6,288,091</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL	
		2016	2015
\$ 3,352,771	\$ -	\$ 208,346,826	\$ 202,279,780
-	3,200,000	6,100,843	7,635,261
-	-	70,064,087	69,361,031
178,544	-	5,550,020	6,535,849
5,980	87,101	1,118,447	537,134
-	<u>1,550,000</u>	<u>15,457,283</u>	<u>15,672,286</u>
<u>3,537,295</u>	<u>4,837,101</u>	<u>306,637,506</u>	<u>302,021,341</u>
-	-	78,084,366	76,417,214
-	-	21,615,774	24,951,792
-	-	30,760,122	30,678,342
-	-	57,215,265	52,331,397
-	-	19,189,694	19,393,540
-	-	12,218,251	12,277,794
-	-	3,612,174	5,231,431
-	-	9,060,217	8,785,388
-	-	5,883,043	5,960,487
-	-	8,566,815	8,025,540
-	30,000	22,089,780	24,682,628
-	-	10,078,271	7,274,245
-	-	122,344	115,314
-	-	185,913	148,434
-	-	5,093,804	657,848
4,572,295	-	4,572,295	4,852,745
2,264,400	-	2,264,400	2,413,373
-	<u>26,429,740</u>	<u>30,533,527</u>	<u>23,465,149</u>
<u>6,836,695</u>	<u>26,459,740</u>	<u>321,146,055</u>	<u>307,662,661</u>
<u>(3,299,400)</u>	<u>(21,622,639)</u>	<u>(14,508,549)</u>	<u>(5,641,320)</u>
3,438,281	29,200,000	32,638,281	14,125,610
-	-	(32,638,281)	(14,125,610)
-	-	<u>385,100</u>	<u>293,214</u>
<u>3,438,281</u>	<u>29,200,000</u>	<u>385,100</u>	<u>293,214</u>
138,881	7,577,361	(14,123,449)	(5,348,106)
<u>663,753</u>	<u>5,190,504</u>	<u>176,276,969</u>	<u>181,625,075</u>
<u>\$ 802,634</u>	<u>\$ 12,767,865</u>	<u>\$ 162,153,520</u>	<u>\$ 176,276,969</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

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Net change in fund balances - total governmental funds		\$ (14,123,449)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		23,167,273
The net effect of various miscellaneous transactions involving capital assets (sale, disposal, transfer, etc.) is to decrease net position.		(22,789)
Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:		
Interest revenue	\$ (162,311)	
Reimbursement revenue	(1,500,000)	
State and Federal Aid	3,299,292	
Local revenue	<u>(50,000)</u>	
		1,586,981
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 current year principal repayments exceeded proceeds from current year long-term financing arrangements.		4,187,195
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:		
Interest payable	\$ 10,164	
Compensated absences	(1,677)	
IBNR	(112,012)	
Net OPEB obligation	4,613	
Net pension liability	(11,247,756)	
Deferred outflows of resources due to pensions	8,960,937	
Deferred inflows of resources due to pensions	<u>590,395</u>	
		<u>(1,795,336)</u>
Change in net position of governmental activities		<u>\$ 12,999,875</u>

See Notes to Basic Financial Statements

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**AGENCY FUND**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016

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	<u>AGENCY STUDENT ACTIVITY FUND</u>
<b>Assets</b>	
Cash and investments	\$ <u>5,131,599</u>
Total assets	\$ <u><u>5,131,599</u></u>
<b>Liabilities</b>	
Due to student groups	\$ <u>5,131,599</u>
Total liabilities	\$ <u><u>5,131,599</u></u>

See Notes to Basic Financial Statements

# TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township High School District 214 (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 accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. 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 expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues 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 revenues are reported instead as general revenues.

#### *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 and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

# TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

### Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

### 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.

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, Capital Projects Funds or Fiduciary 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.

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 and general state aid.

Capital Project Fund - 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.

# TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

### *Other Fund Types*

Fiduciary Funds - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

*Agency Funds* - include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

On-behalf payments (payments made by a third party for the benefit of the district, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

### *All Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 fair value. Changes in fair value of investments are included as investment income.

### *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.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

#### *Property Tax Revenues*

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2015 levy resolution was approved during the December 10, 2015 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 2015 and 2014 tax levies were 0.8% and 1.5%, 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.

The 2015 property tax levy is recognized as a receivable in fiscal 2016, net of estimated uncollectible amounts approximating 1% and less amounts already received. The District considers that the first installment of the 2015 levy is to be used to finance operations in fiscal 2016. The District has determined that the second installment of the 2015 levy is to be used to finance operations in fiscal 2017 and has included the corresponding receivable as a deferred inflow of resources.

#### *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.

#### *Prepaid Items*

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

#### *Capital Assets*

Capital assets, which include land, land improvements, buildings, building improvements, vehicles and 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 \$5,000 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 estimated fair value at the date of donation.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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

<i>Assets</i>	<i>Years</i>
Buildings	20 - 50
Land improvements	10 - 45
Equipment	5 - 20

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.

***Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

***Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2016 are determined on the basis of current salary rates and include salary related payments.

Employees who work a twelve-month year are entitled to be compensated for vacation time. Administrators, supervisors, and ROTC employees receive a full year's allotment of vacation days on the first day of the fiscal year. A maximum of twenty or twenty-five (depending on the employee's years of service) vacation days earned and not taken can be carried forward to the next fiscal year. Carryover days expire on December 31 of the succeeding year in which they were earned. Support staff and custodians receive a year's allotment of vacation days on the first day of the fiscal year following the year it was earned. At year end, a maximum of five vacation days earned in the prior fiscal year and not taken can be carried forward to the next fiscal year. Carryover days expire on December 31 of the following year. The District's entire compensated absences liability is reported on the government-wide financial statements.

***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.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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.

#### *Deferred Inflows of Resources*

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

#### *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.

*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.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

*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. The Board of Education has declared that the Associate Superintendent of Finance and Operations may 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 in the General Fund and in all other funds (Special Revenue, Debt Service, Capital Projects) is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2016 are as follows:

The nonspendable fund balance in the General Fund is comprised of \$607,611 for prepaid items. The committed fund balance in the General Fund is comprised of \$2,052,362 for medical insurance. The restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section. The assigned fund balances are also for the purpose of the respective fund as described above in the Major Governmental Funds section.

#### ***Comparative Data***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which such summarized information was derived.

#### ***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**

#### **Excess of Expenditures over Budget**

For the year ended June 30, 2016, expenditures exceeded budget in the Debt Service Fund and the Transportation Fund by \$36,695 and \$307,884, respectively. These excesses were funded by available fund balances or transfers from other funds.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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### NOTE 3 - DEPOSITS AND INVESTMENTS

#### Cash & Investments under the custody of the Township Treasury

The voters of the respective school districts located within the boundaries of the offices of the Wheeling Township School Treasurer passed a referendum abolishing the offices of the Township School Treasurer effective July 1, 1996. The Boards of Education of the respective school districts and the Board of Education of Township High School District 214 (also located in Wheeling Township) entered into an intergovernmental agreement creating the Wheeling Township Treasury Intergovernmental Agreement ("Treasury") administered by District 214. The Treasury agreed to provide to the respective school districts many of the services that were provided by the Township School Treasurer. These services are provided on an optional basis and without costs to the districts.

The Wheeling Township School Treasury is the lawful custodian of all school funds. The Treasury 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 Treasury invests excess funds at its discretion, subject to the legal restrictions discussed below. For these purposes, the Treasury 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 Treasury 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 Treasury's investment policies are established by the Wheeling Township School Trustees as prescribed by the Illinois School Code and the Illinois Compiled Statutes. The Treasury 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). Further information on the Treasury's policies are available from the Treasury's financial statements.

The Treasury 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 maturity of all investments exposed to interest rate risk held by the Treasury was 0.92 years at June 30, 2016. The Treasury also holds money market type investments, certificates of deposits and other deposits with financial institutions. As of June 30, 2016, the fair value of all investments held by the Treasury was \$278,976,557 and the fair value of the District's proportionate share of the pool was \$166,327,193.

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

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)**

**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	\$ 5,231,385	\$ 5,475,124
Total	<u>\$ 5,231,385</u>	<u>\$ 5,475,124</u>

The District maintains \$10,500 in petty cash.

*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, 2016, the bank balance of the District's deposits with financial institutions totaled \$5,475,124; the entire amount was collateralized or insured.

**NOTE 4 - INTERFUND TRANSFERS**

During the year, the District transferred \$197,506 to the Debt Service Fund from the General Fund (Educational Accounts) to cover payments on capital leases.

Also, during the year, the Board of Education transferred \$4,500,000 to the Capital Projects Fund from the Operations and Maintenance Fund for capital project purposes.

Also, during the year, the Board transferred \$3,240,775 from the Operations and Maintenance Fund to the Debt Service Fund to cover debt certificate principal and interest 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 \$24,700,000 to the Capital Projects Fund.

State law allows for the above transfers.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the District for the year ended June 30, 2016, was as follows:

	<i><b>Beginning Balance</b></i>	<i><b>Increases</b></i>	<i><b>Decreases</b></i>	<i><b>Ending Balance</b></i>
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 5,407,865	\$ 518,716	\$ -	\$ 5,926,581
Construction in progress	<u>7,945,633</u>	<u>13,250,002</u>	<u>5,014,234</u>	<u>16,181,401</u>
Total capital assets not being depreciated	<u>13,353,498</u>	<u>13,768,718</u>	<u>5,014,234</u>	<u>22,107,982</u>
<b><i>Capital assets being depreciated:</i></b>				
Land improvements	16,060,265	-	-	16,060,265
Buildings	299,376,114	23,388,740	-	322,764,854
Equipment	<u>38,796,332</u>	<u>2,002,008</u>	<u>449,298</u>	<u>40,349,042</u>
Total capital assets being depreciated	<u>354,232,711</u>	<u>25,390,748</u>	<u>449,298</u>	<u>379,174,161</u>
<b><i>Less Accumulated Depreciation for:</i></b>				
Land improvements	4,062,383	918,294	-	4,980,677
Buildings	114,132,162	7,364,425	-	121,496,587
Equipment	<u>24,092,571</u>	<u>2,695,240</u>	<u>426,509</u>	<u>26,361,302</u>
Total accumulated depreciation	<u>142,287,116</u>	<u>10,977,959</u>	<u>426,509</u>	<u>152,838,566</u>
Net capital assets being depreciated	<u>211,945,595</u>	<u>14,412,789</u>	<u>22,789</u>	<u>226,335,595</u>
Net governmental activities capital assets	<u>\$ 225,299,093</u>	<u>\$ 28,181,507</u>	<u>\$ 5,037,023</u>	<u>\$ 248,443,577</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 5 - CAPITAL ASSETS - (CONTINUED)**

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

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular Programs	\$ 611,422
Special Education Programs	10,007
Adult/Continuing Education Programs	1,701
Driver's Education Programs	25,324
Vocational Programs	87,731
Interscholastic Programs	48,176
Summer School Programs	11,357
Bilingual Programs	16,295
Pupils	7,340
Instructional Staff	20,396
General Administration	6,263
School Administration	13,025
Business	4,410,607
Operations and Maintenance	5,146,461
Transportation	223,086
Internal Services	6,881
Central	318,678
Other Support Services	518
Community Services	<u>12,691</u>
Total depreciation expense - governmental activities	<u>\$ 10,977,959</u>

**NOTE 6 - OPERATING LEASES**

The District leases equipment under noncancelable operating leases. Total costs for such leases was \$430,667 for the year ended June 30, 2016. At June 30, 2016, future minimum lease payments for these leases are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2017	\$ 361,944
2018	<u>80,705</u>
Total	<u>\$ 442,649</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**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, 2016:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 42,800,000	\$ -	\$ 1,495,000	\$ 41,305,000	\$ 1,545,000
Total bonds payable	<u>42,800,000</u>	<u>-</u>	<u>1,495,000</u>	<u>41,305,000</u>	<u>1,545,000</u>
Debt certificates	15,410,000	-	2,885,000	12,525,000	2,980,000
Net pension liability	29,672,694	18,073,798	6,826,042	40,920,450	-
Capital leases	189,487	385,100	192,295	382,292	189,771
Net OPEB obligation	6,415,538	1,090,875	1,095,488	6,410,925	-
IBNR	985,783	326,896	214,884	1,097,795	1,097,795
Compensated absences	<u>1,413,275</u>	<u>1,679,081</u>	<u>1,677,404</u>	<u>1,414,952</u>	<u>1,151,417</u>
Total long-term liabilities - governmental activities	<u>\$ 96,886,777</u>	<u>\$ 21,555,750</u>	<u>\$ 14,386,113</u>	<u>\$ 104,056,414</u>	<u>\$ 6,963,983</u>

The obligations for the compensated absences, net OPEB obligation, and IBNR will be repaid from the General Fund.

The net pension liability consists of pension liabilities from the Illinois Teacher Retirement System as well as the Illinois Municipal Retirement Fund. The obligations related to the Illinois Teacher Retirement System will be repaid from the General Fund (Educational accounts) and the obligations related to the Illinois Municipal Retirement Fund will be repaid from the Municipal Retirement/Social Security Fund.

*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:

<b>Purpose</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Carrying Amount</b>
Series 2007 General Obligation Life Safety/Refunding Bonds dated May 10, 2007 are due in annual installments through December 1, 2026	4.00% - 5.00%	\$ 18,365,000	\$ 16,825,000
Series 2008 General Obligation Limited Tax School Bonds dated July 30, 2008 are due in annual installments through December 1, 2026	3.50% - 5.00%	9,525,000	4,480,000
Series 2011 General Obligation Limited School Bonds dated December 1, 2011 are due in annual installments through December 1, 2031	4.00% - 5.00%	10,000,000	10,000,000
Series 2012 General Obligation Limited School Bonds dated are due in annual installments through December 1, 2031	2.00% - 3.00%	<u>10,000,000</u>	<u>10,000,000</u>
Total		<u>\$ 47,890,000</u>	<u>\$ 41,305,000</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)**

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016, \$200,391 of bonds outstanding are considered defeased.

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

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 1,545,000	\$ 1,645,680	\$ 3,190,680
2018	1,660,000	1,562,099	3,222,099
2019	1,785,000	1,483,543	3,268,543
2020	1,925,000	1,417,674	3,342,674
2021	2,075,000	1,333,205	3,408,205
2022 - 2026	12,915,000	5,174,508	18,089,508
2027 - 2031	17,845,000	2,080,275	19,925,275
2032	<u>1,555,000</u>	<u>31,375</u>	<u>1,586,375</u>
Total	<u>\$ 41,305,000</u>	<u>\$ 14,728,359</u>	<u>\$ 56,033,359</u>

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, 2016, the statutory debt limit for the District was \$508,149,534, providing a debt margin of \$453,937,242.

*Debt Certificates* Debt certificates will be repaid from the Debt Service Fund. Debt Certificates currently outstanding are as follows:

<i>Purpose</i>	<i>Interest Rates</i>	<i>Original Indebtedness</i>	<i>Carrying Amount</i>
Series 2009B Taxable Debt Certificates dated December 8, 2009 are due in annual installments through December 1, 2019	3.25% - 4.25%	\$ 15,410,000	\$ 12,525,000
Total		<u>\$ 15,410,000</u>	<u>\$ 12,525,000</u>

Annual debt service requirements to maturity for Debt Certificates are as follows for governmental type activities:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2017	\$ 2,980,000	\$ 446,080	\$ 3,426,080
2018	3,085,000	331,537	3,416,537
2019	3,170,000	205,603	3,375,603
2020	<u>3,290,000</u>	<u>69,913</u>	<u>3,359,913</u>
Total	<u>\$ 12,525,000</u>	<u>\$ 1,053,133</u>	<u>\$ 13,578,133</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)**

*Capital Leases.* The District has entered into a lease agreement as lessee for financing the acquisition of copier equipment and technology equipment and software. These lease agreements qualify as capital lease 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. At June 30, 2016, \$678,314 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the Debt Service Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

	<b>Amount</b>
2017	\$ 197,506
2018	98,837
2019	<u>98,837</u>
Total minimum lease payments	395,180
Less: amount representing interest	<u>(12,888)</u>
Present value of minimum lease payments	<u>\$ 382,292</u>

*Operating Lease - District as Lessor* The District has entered into a lease agreement as lessor for leasing the use of athletic practice fields, championship stadium, parking lots, and classrooms to Robert Morris University for its athletic programs and uses associated with the football program. Robert Morris agrees to pay the District bi-annual rental fees which will increase by 3% annually on July 1. The future minimum lease receipts and the net present value of these minimum lease receipts as of June 30, 2016, are as follows:

	<b>Amount</b>
2017	\$ 589,936
2018	609,644
2019	629,943
2020	650,852
2021	672,387
2022 - 2026	3,708,271
2027	<u>815,867</u>
Total minimum lease receipts	<u>\$ 7,676,900</u>

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets and natural disasters. To protect from such risks, the District participates in the following public entity risk pool: Secondary School Cooperative Risk Management Program (SSCRMP). The District pays annual premiums to the pool for insurance coverage. The arrangements with the pool provide that it will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pool. There have been no significant reductions in insurance coverage from coverage in any of the past three fiscal years nor claims that exceeded coverage.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 8 - RISK MANAGEMENT - (CONTINUED)**

The District is self-insured for risks related to for medical, dental, and workers' compensation coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$350,000 per employee for workers' compensation and \$250,000 or \$125,000 per employee for medical insurance for PPO or HMO plans, respectively, as provided by stop-loss provisions incorporated in the plans.

At June 30, 2016, total unpaid claims were \$3,759,754. This includes an estimate of claims that have been incurred but not reported to the administrative agent totaling \$1,097,795, which is included in long-term liabilities reported on the statement of net position. The remaining \$2,661,959 is classified as health claims payable. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2015 and June 30, 2016, changes in the liability reported in the entity-wide and governmental funds statements for unpaid claims are summarized as follows:

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments</i>	<i>Claims Payable End of Year</i>
Fiscal Year 2015	<u>\$ 3,144,506</u>	<u>\$ 23,469,124</u>	<u>\$ 23,504,035</u>	<u>\$ 3,109,595</u>
Fiscal Year 2016	<u>\$ 3,109,595</u>	<u>\$ 26,442,061</u>	<u>\$ 25,791,902</u>	<u>\$ 3,759,754</u>

**NOTE 9 - JOINT AGREEMENTS**

The District is a member of various joint agreements that provide certain special education services to residents of many school districts. 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 agreement governing boards, these are not included as component units of the District.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS**

**Teachers' Health Insurance Security**

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.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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.

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

*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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$1,163,116, and the District recognized revenues and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. For these years, state contributions on behalf of District employees were \$1,078,001 and \$1,001,617, respectively.

*Employer Contributions to THIS Fund.* The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.80 percent during the year ended June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and 2014, respectively. For the years ended June 30, 2016, 2015 and 2014 the District paid \$869,620, \$803,217 and \$743,469 to the THIS Fund, respectively, which was 100 percent of the required contribution for those years.

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

**Health Benefit Plan**

The District administers a single-employer defined benefit healthcare plan ("the Health Benefit Plan"). The plan provides health insurance for eligible retirees and their spouses through the District's group health insurance plan which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Health Benefit Plan does not issue a publicly available financial report.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the board and the union. For teachers and administrators whose intent to retire was approved prior to July 1, 2009, who retire after age 55 with at least 15 years of experience and are eligible for health benefits from the Teachers Retirement System (TRS), the District pays 25% of the premiums of individual health care coverage until the retiree reaches the age of 65 (TRS pays 50% and the retiree pays the other 25%). Upon reaching the age of 65, the District pays 25% of the premiums for supplemental insurance to Medicare until the retiree reaches the age of 70. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. For members whose intent to retire is approved after July 1, 2009 and before June 30, 2012, the District will pay 25% of the premiums of individual health care coverage up to a calendar year maximum of \$2,500 until the retiree reaches the age of 65. Upon reaching the age of 65, the District will pay 25% of the premiums for supplemental insurance to Medicare up to a maximum amount of \$1,100 per calendar year until the retiree reaches age 70. Members whose intent to retire is approved beginning July 1, 2012, will have no amount of their TRS premium covered by the District.

The District pays 50% of the premium of individual health care coverage for Education Support Personnel and custodial employees who retired after age 55 with at least 15 years of experience, until the retiree reaches the age of 65 and who put in their intent to retire no later than 1/15 of the year in which they retire.. The District pays 100% of the premium of individual health care coverage for administrators and supervisors who were not eligible for health benefits from TRS and retired after age 55 with at least 15 years of experience, until the retiree reaches the age of 65. Administrative costs of the Health Benefit Plan are financed through employer contributions.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Health Benefit Plan, and changes in the District's net OPEB obligation to the Health Benefit Plan:

Annual required contribution	\$ 1,048,104
Interest on net OPEB obligation	256,622
Adjustment to annual required contribution	<u>(213,851)</u>
Annual OPEB cost	1,090,875
Contributions made	<u>(1,095,488)</u>
Increase in net OPEB obligation	(4,613)
Net OPEB Obligation - Beginning of Year	<u>6,415,538</u>
Net OPEB Obligation - End of Year	<u><u>\$ 6,410,925</u></u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Benefit Plan, and the net OPEB obligation for June 30, 2016 and the two preceding years are as follows:

<i><b>Fiscal Year Ended</b></i>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
June 30, 2016	\$ 1,090,875	100.42 %	\$ 6,410,925
June 30, 2015	1,070,666	79.23 %	6,415,538
June 30, 2014	2,045,400	68.06 %	6,193,168

The funded status of the Health Benefit Plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 14,813,818
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 14,813,818</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 38,818,215
UAAL as a percentage of covered payroll	38.16%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4 percent investment rate of return and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent after 10 years. Both rates include a 7 percent inflation assumption. The actuarial value of the Health Benefit Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The Health Benefit Plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 is 30 years.

### 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 <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

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

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

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)**

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

*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, 2016 was 9.4 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, 2016, State of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$56,052,149 in pension contributions from the State of Illinois.

*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, 2016, were \$630,474, and are deferred because they were paid after the June 30, 2015 measurement date.

*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 a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2016, the District pension contribution was 36.06 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2016, were \$180,124, which was equal to the District's required contribution. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

*Early Retirement Option.* Contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District paid \$473,073 to TRS for District ERO contributions.

# TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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## NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

*Salary increases over 6 percent.* The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. For the year ended June 30, 2016, the District paid \$8,655 to TRS for employer contributions due on salary increases in excess of 6 percent.

*Excess sick leave.* A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District paid \$60,417 to TRS for sick leave days granted in excess of the normal annual allotment.

*TRS Fiduciary Net Position.* Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS Comprehensive Annual Financial Report.

*Net Pension Liability.* At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 14,484,590
State's proportionate share of the collective net pension liability associated with the District	<u>684,159,900</u>
Total	<u>\$ 698,644,490</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015 and 2014, the District's proportion was 0.02211048 percent and 0.02040069 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, 2015 actuarial valuation included (a) 7.50% 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 3.00%.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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### NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

*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-2014.

*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. large cap	18.00 %	7.53 %
Global equity excluding U.S.	18.00 %	7.88 %
Aggregate bonds	16.00 %	1.57 %
U.S. TIPS	2.00 %	2.82 %
NCREIF	11.00 %	5.11 %
Opportunistic real estate	4.00 %	9.09 %
ARS	8.00 %	2.57 %
Risk parity	8.00 %	4.87 %
Diversified inflation strategy	1.00 %	3.26 %
Private equity	14.00 %	12.33 %

*Discount Rate.* At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 percent. 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, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**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 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	\$ 17,899,402	\$ 14,484,590	\$ 11,684,352

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2016, the District recognized pension expense of \$1,755,246 and on-behalf revenue of \$56,052,149 for support provided by the state. At June 30, 2016, the District's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,383	\$ 15,877
Net difference between projected and actual earnings on pension plan investments	286,858	507,202
Assumption changes	200,307	-
Changes in proportion and differences between District contributions and proportionate share of contributions	870,734	1,527,243
District contributions subsequent to the measurement date	<u>810,798</u>	<u>-</u>
Total	<u>\$ 2,174,080</u>	<u>\$ 2,050,322</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$(687,040)) will be recognized in pension expense as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2017	\$ (316,639)
2018	(316,639)
2019	(316,639)
2020	<u>262,877</u>
Total	<u>\$ (687,040)</u>

**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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer 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](http://www.imrf.org).

# TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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## NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)

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.

*Plan Membership.* At December 31, 2015, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	1,053
Inactive, non-retired members	611
Active members	<u>739</u>
Total	<u><u>2,403</u></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 2015 was 12.25 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, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)**

*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, 2015 annual actuarial valuation included (a) 7.48% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. 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 2014 valuation pursuant to an experience study of the period 2011-2013.

*Mortality.* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*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	Projected Returns/Risk		
	Target Allocation	One Year Arithmetic	Ten Year Geometric
Equities	38.00 %	8.85 %	7.39 %
International equities	17.00 %	9.55 %	7.59 %
Fixed income	27.00 %	3.05 %	3.00 %
Real estate	8.00 %	7.20 %	6.00 %
Alternatives	9.00 %		
Private equity		13.15 %	8.15 %
Hedge funds		5.55 %	5.25 %
Commodities		4.40 %	2.75 %
Cash equivalents	1.00 %	2.25 %	2.25 %

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)**

*Discount Rate.* The discount rate used to measure the total pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. 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 not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48 used to determine the total pension liability. The year ending December 31, 2086 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

*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 7.48% 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 (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 245,149,140	\$ 219,763,912	\$ 198,599,946
Plan fiduciary net position	<u>193,328,052</u>	<u>193,328,052</u>	<u>193,328,052</u>
Net pension liability/(asset)	<u>\$ 51,821,088</u>	<u>\$ 26,435,860</u>	<u>\$ 5,271,894</u>

*Changes in Net Pension Liability/(Asset).* The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2014	\$ 211,257,678	\$ 194,000,490	\$ 17,257,188
Service cost	3,646,287	-	3,646,287
Interest on total pension liability	15,501,902	-	15,501,902
Differences between expected and actual experience of the total pension liability	1,348,321	-	1,348,321
Change of assumptions	235,395	-	235,395
Benefit payments, including refunds of employee contributions	(12,225,671)	(12,225,671)	-
Contributions - employer	-	6,051,025	(6,051,025)
Contributions - employee	-	1,541,849	(1,541,849)
Net investment income	-	958,420	(958,420)
Other (net transfer)	-	3,001,939	(3,001,939)
Balances at December 31, 2015	<u>\$ 219,763,912</u>	<u>\$ 193,328,052</u>	<u>\$ 26,435,860</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 11 - RETIREMENT SYSTEMS - (CONTINUED)**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2016, the District recognized pension expense of \$7,658,340. The District's deferred outflows and inflows of resources related to pension were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,353,211	\$ -
Assumption changes	2,698,197	-
Net difference between projected and actual earnings on pension plan investments	12,374,809	-
Contributions subsequent to the measurement date	<u>2,074,619</u>	<u>-</u>
Total	<u>\$ 18,500,836</u>	<u>\$ -</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$16,426,217) will be recognized in pension expense as follows:

	<b>Amount</b>
<b><i>Year Ending December 31,</i></b>	
2016	\$ 6,809,949
2017	3,687,269
2018	3,222,907
2019	<u>2,706,092</u>
Total	<u>\$ 16,426,217</u>

**NOTE 12 - CONSTRUCTION COMMITMENTS**

As of June 30, 2016, the District is committed to approximately \$5,769,564 in expenditures in the upcoming years for various construction projects. These expenditures will be paid through the available fund balances and capital improvement bonds already issued.

**NOTE 13 - STATE AND FEDERAL AID CONTINGENCIES**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowance, if any, would be immaterial.

## TOWNSHIP HIGH SCHOOL DISTRICT 214

NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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### **NOTE 14 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. Application of these standards may restate portions of these financial statements.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY  
AND RELATED RATIOS  
Last Two Fiscal Years

	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$ 3,646,287	\$ 3,863,486
Interest	15,501,902	14,248,652
Differences between expected and actual experience	1,348,321	1,677,203
Changes of assumptions	235,395	8,870,641
Benefit payments, including refunds of member contributions	<u>(12,225,671)</u>	<u>(10,905,185)</u>
<b>Net change in total pension liability</b>	8,506,234	17,754,797
<b>Total pension liability - beginning</b>	<u>211,257,678</u>	<u>193,502,881</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 219,763,912</u>	<u>\$ 211,257,678</u>
<b>Plan fiduciary net position</b>		
Employer contributions	\$ 6,051,025	\$ 4,104,642
Employee contributions	1,541,849	1,518,210
Net investment income	958,420	11,330,671
Benefit payments, including refunds of member contributions	(12,225,671)	(10,905,185)
Other (net transfer)	<u>3,001,939</u>	<u>(437,712)</u>
<b>Net change in plan fiduciary net position</b>	(672,438)	5,610,626
<b>Plan fiduciary net position - beginning</b>	<u>194,000,490</u>	<u>188,389,864</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 193,328,052</u>	<u>\$ 194,000,490</u>
<b>Employer's net pension liability - ending (a) - (b)</b>	<u>\$ 26,435,860</u>	<u>\$ 17,257,188</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	87.97%	91.83%
<b>Covered-employee payroll</b>	\$ 33,069,592	\$ 32,694,476
<b>Employer's net pension liability as a percentage of covered-employee payroll</b>	79.94%	52.78%

**Notes to Schedule:**

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

See Auditors' Report and Notes to Required Supplementary Information

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Two Fiscal Years

	2016	2015
Actuarially determined contribution	\$ 4,051,025	\$ 4,083,540
Contributions in relation to the actuarially determined contribution	(6,051,025)	(4,104,642)
Contribution deficiency (excess)	\$ (2,000,000)	\$ (21,102)
Covered-employee payroll	\$ 33,069,592	\$ 32,694,476
Contributions as a percentage of covered-employee payroll	18.30%	12.55%

**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	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 CHBCA

**Other information:**

There were no benefit changes during the year.

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**TEACHERS' RETIREMENT SYSTEM**  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS  
Last Two Fiscal Years

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.02211048%	0.02040069%
District's proportionate share of the net pension liability	\$ 14,484,590	\$ 12,405,506
State's proportionate share of the net pension liability	<u>684,159,900</u>	<u>636,604,195</u>
Total net pension liability	<u>\$ 698,644,490</u>	<u>\$ 649,009,701</u>
Covered-employee payroll	\$ 108,702,448	\$ 105,686,408
District's proportionate share of the net pension liability as a percentage of covered payroll	13.32%	11.74%
Plan fiduciary net position as a percentage of the total pension liability	41.50%	43.00%
Contractually required contribution	\$ 810,798	\$ 775,109
Contributions in relation to the contractually required contribution	<u>(810,798)</u>	<u>(775,017)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 92</u>
Contributions as a percentage of covered employee payroll	0.7459%	0.7333%

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

**Notes to Schedule:**

Amounts reported in 2015 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent.

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**SCHEDULE OF FUNDING PROGRESS FOR HEALTH BENEFIT PLAN**  
**AS OF JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/16	\$ -	\$ 14,813,818	\$ 14,813,818	N/A	\$ 38,818,215	38.16%
6/30/14	-	12,758,481	12,758,481	N/A	37,566,276	33.96%
7/1/12	-	20,373,243	20,373,243	N/A	114,543,853	17.79%
7/1/11	-	23,237,192	23,237,192	N/A	111,633,298	20.82%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 155,400,000	\$ 157,332,895	\$ 1,932,895	\$ 152,344,844
Special education levy	1,000,000	1,099,392	99,392	980,159
Corporate personal property replacement taxes	3,700,000	2,435,586	(1,264,414)	7,169,300
Summer school - tuition from pupils or parents (in state)	255,000	244,017	(10,983)	297,068
CTE - Tuition from other sources (in state)	150,000	-	(150,000)	-
Special education - tuition from other sources (in state)	20,000	18,092	(1,908)	32,839
Adult - tuition from pupils or parents (in state)	340,100	326,852	(13,248)	323,152
Investment income	350,000	730,445	380,445	370,842
Sales to pupils - lunch	1,354,700	1,295,292	(59,408)	1,328,479
Sales to pupils - breakfast	8,000	4,070	(3,930)	5,662
Sales to pupils - a la carte	1,251,500	1,557,769	306,269	1,270,911
Sales to pupils - other	630,800	652,386	21,586	633,973
Sales to adults	57,500	43,908	(13,592)	41,346
Other food service	154,000	130,348	(23,652)	142,108
Admissions - athletic	87,050	86,872	(178)	91,907
Fees	1,292,720	1,358,185	65,465	1,045,892
Rentals - regular textbook	3,808,000	3,162,678	(645,322)	4,058,500
Rentals - adult/continuing education textbook	5,000	9,445	4,445	5,485
Sales - adult/continuing education textbook	40,000	32,507	(7,493)	40,339
Sales - other	2,500	3,685	1,185	4,192
Contributions and donations from private sources	98,200	306,818	208,618	135,880
Refund of prior years' expenditures	44,200	241,632	197,432	55,151
Payments of surplus monies from TIF districts	1,400,000	1,547,300	147,300	1,433,894
Driver's education fees	160,000	235,926	75,926	186,940
Sale of vocational projects	650,000	-	(650,000)	553,142
Other local fees	459,600	499,696	40,096	467,961
Other	4,335,012	619,280	(3,715,732)	658,316
Total local sources	<u>177,053,882</u>	<u>173,975,076</u>	<u>(3,078,806)</u>	<u>173,678,282</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>State sources</b>				
General state aid	\$ 5,800,000	\$ 6,135,191	\$ 335,191	\$ 5,632,863
Special education - private facility tuition	364,000	258,956	(105,044)	385,016
Special education - extraordinary	1,500,000	1,156,857	(343,143)	1,461,966
Special education - personnel	1,600,000	1,608,524	8,524	1,961,532
Special education - orphanage - individual	1,700,000	566,919	(1,133,081)	2,757,928
Special education - orphanage - summer	280,000	203,953	(76,047)	274,451
Special education - summer school	-	14,329	14,329	-
CTE - Technical education - tech prep	123,400	-	(123,400)	-
CTE - Other	-	159,390	159,390	152,415
Bilingual education - downstate - TPI	297,700	115,435	(182,265)	243,889
State free lunch & breakfast	-	-	-	1,432
Driver education	150,000	157,150	7,150	158,698
Adult education from Illinois community college board	442,000	-	(442,000)	441,282
Adult education - other	146,000	123,500	(22,500)	144,700
Early childhood - block grant	69,000	69,453	453	67,620
Other restricted revenue from state sources	<u>13,500</u>	<u>32,874</u>	<u>19,374</u>	<u>96,649</u>
Total state sources	<u>12,485,600</u>	<u>10,602,531</u>	<u>(1,883,069)</u>	<u>13,780,441</u>
<b>Federal sources</b>				
Other restricted grants-in-aid received directly from federal government	75,000	78,047	3,047	77,180
Special milk program	146,500	72,610	(73,890)	121,984
Title I - Low income	1,455,000	1,515,855	60,855	1,626,683
Federal - special education - IDEA - flow- through/low incident	1,900,000	1,867,600	(32,400)	2,004,535
Federal - special education - IDEA - room & board	300,000	356,648	56,648	219,959
CTE - Perkins - Title III E - tech. prep.	242,000	243,359	1,359	239,881
Federal - adult education	228,000	237,202	9,202	210,646
Emergency immigrant assistance	32,700	36,875	4,175	32,708
Title III - English language acquisition	49,500	52,639	3,139	45,903
Title II - Teacher quality	200,550	160,991	(39,559)	226,685
Medicaid matching funds - administrative outreach	200,000	193,369	(6,631)	308,034
Medicaid matching funds - fee-for-service program	80,000	100,994	20,994	177,345
Other restricted revenue from federal sources	<u>451,268</u>	<u>455,287</u>	<u>4,019</u>	<u>379,493</u>
Total federal sources	<u>5,360,518</u>	<u>5,371,476</u>	<u>10,958</u>	<u>5,671,036</u>
Total revenues	<u>194,900,000</u>	<u>189,949,083</u>	<u>(4,950,917)</u>	<u>193,129,759</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular programs</b>				
Salaries	\$ 60,857,559	\$ 60,485,095	\$ 372,464	\$ 58,057,338
Employee benefits	10,678,281	9,775,773	902,508	10,046,992
Purchased services	1,497,543	1,495,936	1,607	1,334,430
Supplies and materials	4,346,600	4,429,975	(83,375)	5,210,924
Capital outlay	48,300	89,493	(41,193)	9,325
Other objects	52,400	51,211	1,189	55,505
Non-capitalized equipment	<u>163,900</u>	<u>292,749</u>	<u>(128,849)</u>	<u>205,193</u>
Total	<u>77,644,583</u>	<u>76,620,232</u>	<u>1,024,351</u>	<u>74,919,707</u>
<b>Special education programs</b>				
Salaries	11,693,270	11,754,286	(61,016)	11,233,290
Employee benefits	1,967,484	2,114,978	(147,494)	1,923,838
Purchased services	187,750	222,217	(34,467)	2,046,677
Supplies and materials	117,200	78,227	38,973	191,944
Capital outlay	-	11,982	(11,982)	-
Other objects	2,302,500	1,958,853	343,647	6,923,365
Non-capitalized equipment	<u>36,800</u>	<u>14,373</u>	<u>22,427</u>	<u>33,064</u>
Total	<u>16,305,004</u>	<u>16,154,916</u>	<u>150,088</u>	<u>22,352,178</u>
<b>Remedial and supplemental programs K-12</b>				
Salaries	902,442	1,283,946	(381,504)	966,145
Employee benefits	148,672	215,964	(67,292)	141,247
Purchased services	412,000	92,536	319,464	229,601
Supplies and materials	121,000	126,013	(5,013)	287,303
Non-capitalized equipment	<u>-</u>	<u>15,367</u>	<u>(15,367)</u>	<u>-</u>
Total	<u>1,584,114</u>	<u>1,733,826</u>	<u>(149,712)</u>	<u>1,624,296</u>
<b>Adult/continuing education programs</b>				
Salaries	1,430,554	1,128,676	301,878	1,253,343
Employee benefits	72,394	58,296	14,098	86,339
Purchased services	319,500	284,992	34,508	284,928
Supplies and materials	68,700	46,395	22,305	79,272
Capital outlay	-	-	-	4,354
Other objects	2,600	740	1,860	2,259
Non-capitalized equipment	<u>1,500</u>	<u>16,156</u>	<u>(14,656)</u>	<u>1,095</u>
Total	<u>1,895,248</u>	<u>1,535,255</u>	<u>359,993</u>	<u>1,711,590</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	
<b>CTE programs</b>				
Salaries	\$ 6,445,176	\$ 6,482,471	\$ (37,295)	\$ 6,127,733
Employee benefits	1,017,433	1,025,583	(8,150)	975,890
Purchased services	431,400	570,208	(138,808)	502,886
Supplies and materials	806,750	575,332	231,418	747,654
Capital outlay	425,000	279,481	145,519	91,694
Other objects	231,500	227,951	3,549	266,575
Non-capitalized equipment	<u>235,000</u>	<u>333,129</u>	<u>(98,129)</u>	<u>324,577</u>
Total	<u>9,592,259</u>	<u>9,494,155</u>	<u>98,104</u>	<u>9,037,009</u>
<b>Interscholastic programs</b>				
Salaries	9,285,434	8,910,734	374,700	8,747,196
Employee benefits	185,204	184,733	471	177,079
Purchased services	679,841	667,861	11,980	702,628
Supplies and materials	391,750	353,414	38,336	377,322
Other objects	238,650	244,874	(6,224)	246,636
Non-capitalized equipment	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,113</u>
Total	<u>10,790,879</u>	<u>10,361,616</u>	<u>429,263</u>	<u>10,255,974</u>
<b>Summer school programs</b>				
Salaries	1,311,650	1,335,804	(24,154)	1,286,957
Employee benefits	6,130	4,778	1,352	4,493
Purchased services	5,000	-	5,000	-
Supplies and materials	<u>14,200</u>	<u>4,715</u>	<u>9,485</u>	<u>8,913</u>
Total	<u>1,336,980</u>	<u>1,345,297</u>	<u>(8,317)</u>	<u>1,300,363</u>
<b>Gifted programs</b>				
Salaries	118,556	122,745	(4,189)	113,132
Employee benefits	16,019	15,526	493	15,325
Purchased services	6,400	784	5,616	1,342
Supplies and materials	4,400	453	3,947	1,350
Other objects	<u>250</u>	<u>-</u>	<u>250</u>	<u>119</u>
Total	<u>145,625</u>	<u>139,508</u>	<u>6,117</u>	<u>131,268</u>
<b>Driver's education programs</b>				
Salaries	1,137,263	1,178,618	(41,355)	1,176,618
Employee benefits	151,853	144,609	7,244	138,974
Purchased services	13,900	5,209	8,691	15,676
Supplies and materials	<u>24,000</u>	<u>14,216</u>	<u>9,784</u>	<u>63,045</u>
Total	<u>1,327,016</u>	<u>1,342,652</u>	<u>(15,636)</u>	<u>1,394,313</u>
<b>Bilingual programs</b>				
Salaries	4,325,258	4,286,219	39,039	4,418,148
Employee benefits	832,291	785,464	46,827	835,674
Purchased services	27,600	17,681	9,919	16,427
Supplies and materials	76,020	69,921	6,099	58,762
Other objects	<u>400</u>	<u>94</u>	<u>306</u>	<u>54</u>
Total	<u>5,261,569</u>	<u>5,159,379</u>	<u>102,190</u>	<u>5,329,065</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Truant's alternative and optional programs</b>				
Salaries	\$ 478,778	\$ 473,613	\$ 5,165	\$ 469,034
Employee benefits	39,323	36,881	2,442	38,985
Purchased services	38,700	31,254	7,446	34,470
Supplies and materials	3,000	4,370	(1,370)	1,388
Other objects	<u>-</u>	<u>10</u>	<u>(10)</u>	<u>-</u>
Total	<u>559,801</u>	<u>546,128</u>	<u>13,673</u>	<u>543,877</u>
<b>Special education programs K-12 - private tuition</b>				
Other objects	<u>2,737,500</u>	<u>3,020,683</u>	<u>(283,183)</u>	<u>390,702</u>
Total	<u>2,737,500</u>	<u>3,020,683</u>	<u>(283,183)</u>	<u>390,702</u>
Total instruction	<u>129,180,578</u>	<u>127,453,647</u>	<u>1,726,931</u>	<u>128,990,342</u>
<b>Support services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	5,270,362	5,111,473	158,889	5,357,338
Employee benefits	1,338,553	1,166,815	171,738	1,390,321
Purchased services	21,285	3,322	17,963	14,247
Supplies and materials	7,950	1,956	5,994	3,730
Other objects	<u>700</u>	<u>-</u>	<u>700</u>	<u>260</u>
Total	<u>6,638,850</u>	<u>6,283,566</u>	<u>355,284</u>	<u>6,765,896</u>
<b>Guidance services</b>				
Salaries	4,976,882	4,984,784	(7,902)	4,851,448
Employee benefits	715,349	711,483	3,866	678,492
Purchased services	121,250	112,039	9,211	49,248
Supplies and materials	22,900	23,621	(721)	22,380
Other objects	<u>950</u>	<u>68</u>	<u>882</u>	<u>310</u>
Total	<u>5,837,331</u>	<u>5,831,995</u>	<u>5,336</u>	<u>5,601,878</u>
<b>Health services</b>				
Salaries	813,303	812,054	1,249	781,423
Employee benefits	173,938	176,236	(2,298)	161,571
Purchased services	40,600	30,037	10,563	28,230
Supplies and materials	18,200	13,539	4,661	20,072
Non-capitalized equipment	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>1,340</u>
Total	<u>1,056,041</u>	<u>1,031,866</u>	<u>24,175</u>	<u>992,636</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Psychological services</b>				
Salaries	\$ 1,177,570	\$ 1,161,413	\$ 16,157	\$ 1,141,172
Employee benefits	160,488	162,217	(1,729)	148,107
Supplies and materials	<u>4,000</u>	<u>1,355</u>	<u>2,645</u>	<u>2,098</u>
Total	<u>1,342,058</u>	<u>1,324,985</u>	<u>17,073</u>	<u>1,291,377</u>
<b>Speech pathology and audiology services</b>				
Salaries	738,450	728,789	9,661	737,062
Employee benefits	79,175	80,274	(1,099)	82,969
Supplies and materials	<u>900</u>	<u>599</u>	<u>301</u>	<u>857</u>
Total	<u>818,525</u>	<u>809,662</u>	<u>8,863</u>	<u>820,888</u>
<b>Other support services - pupils</b>				
Salaries	1,703,606	1,674,871	28,735	1,634,285
Employee benefits	640,295	599,776	40,519	658,961
Purchased services	609,000	709,017	(100,017)	669,452
Supplies and materials	<u>54,000</u>	<u>9,439</u>	<u>44,561</u>	<u>13,922</u>
Total	<u>3,006,901</u>	<u>2,993,103</u>	<u>13,798</u>	<u>2,976,620</u>
Total pupils	<u>18,699,706</u>	<u>18,275,177</u>	<u>424,529</u>	<u>18,449,295</u>
<b>Instructional staff</b>				
<b>Improvement of instructional services</b>				
Salaries	7,381,826	7,450,387	(68,561)	6,978,985
Employee benefits	1,407,144	1,356,941	50,203	1,492,705
Purchased services	1,083,155	1,107,882	(24,727)	1,165,516
Supplies and materials	35,950	23,753	12,197	125,440
Capital outlay	2,000	-	2,000	-
Other objects	61,500	59,011	2,489	41,773
Non-capitalized equipment	<u>11,500</u>	<u>22,105</u>	<u>(10,605)</u>	<u>24,921</u>
Total	<u>9,983,075</u>	<u>10,020,079</u>	<u>(37,004)</u>	<u>9,829,340</u>
<b>Educational media services</b>				
Salaries	1,223,220	1,228,239	(5,019)	1,245,659
Employee benefits	234,857	235,452	(595)	261,877
Purchased services	225,900	(137,637)	363,537	13,335
Supplies and materials	391,550	332,602	58,948	377,337
Other objects	1,000	873	127	635
Non-capitalized equipment	<u>9,500</u>	<u>60,024</u>	<u>(50,524)</u>	<u>81,101</u>
Total	<u>2,086,027</u>	<u>1,719,553</u>	<u>366,474</u>	<u>1,979,944</u>
<b>Assessment and testing</b>				
Purchased services	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total instructional staff	<u>12,070,102</u>	<u>11,739,632</u>	<u>330,470</u>	<u>11,809,284</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>General administration</b>				
<b>Board of education services</b>				
Employee benefits	\$ -	\$ -	\$ -	\$ 2,000,000
Purchased services	518,500	646,587	(128,087)	479,222
Supplies and materials	5,000	4,576	424	782
Other objects	<u>15,000</u>	<u>29,351</u>	<u>(14,351)</u>	<u>35,892</u>
Total	<u>538,500</u>	<u>680,514</u>	<u>(142,014)</u>	<u>2,515,896</u>
<b>Executive administration services</b>				
Salaries	1,123,013	1,124,311	(1,298)	1,062,736
Employee benefits	209,238	176,609	32,629	220,444
Purchased services	37,900	33,718	4,182	58,759
Supplies and materials	5,200	3,518	1,682	7,648
Other objects	6,000	4,047	1,953	3,763
Non-capitalized equipment	<u>4,000</u>	<u>835</u>	<u>3,165</u>	<u>252</u>
Total	<u>1,385,351</u>	<u>1,343,038</u>	<u>42,313</u>	<u>1,353,602</u>
<b>Tort immunity services</b>				
Purchased services	<u>1,690,000</u>	<u>1,459,842</u>	<u>230,158</u>	<u>1,233,672</u>
Total	<u>1,690,000</u>	<u>1,459,842</u>	<u>230,158</u>	<u>1,233,672</u>
Total general administration	<u>3,613,851</u>	<u>3,483,394</u>	<u>130,457</u>	<u>5,103,170</u>
<b>School administration</b>				
<b>Office of the principal services</b>				
Salaries	6,933,258	6,765,248	168,010	6,301,418
Employee benefits	1,642,482	1,486,978	155,504	1,687,372
Purchased services	141,400	158,482	(17,082)	130,686
Supplies and materials	248,600	247,972	628	263,461
Capital outlay	10,000	-	10,000	5,625
Other objects	27,250	23,996	3,254	21,312
Non-capitalized equipment	<u>31,354</u>	<u>17,998</u>	<u>13,356</u>	<u>26,407</u>
Total	<u>9,034,344</u>	<u>8,700,674</u>	<u>333,670</u>	<u>8,436,281</u>
Total school administration	<u>9,034,344</u>	<u>8,700,674</u>	<u>333,670</u>	<u>8,436,281</u>
<b>Business</b>				
<b>Direction of business support services</b>				
Salaries	266,572	266,572	-	247,651
Employee benefits	63,532	56,916	6,616	68,529
Purchased services	7,000	5,489	1,511	3,684
Supplies and materials	750	67	683	10
Other objects	1,000	784	216	779
Non-capitalized equipment	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total	<u>340,854</u>	<u>329,828</u>	<u>11,026</u>	<u>320,653</u>

See Auditors' Report and Notes to Required Supplementary Information

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**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Fiscal services</b>				
Salaries	\$ 817,469	\$ 813,188	\$ 4,281	\$ 756,264
Employee benefits	153,764	148,467	5,297	181,543
Purchased services	259,500	222,283	37,217	235,397
Supplies and materials	18,000	8,881	9,119	13,713
Other objects	7,000	4,399	2,601	6,119
Non-capitalized equipment	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total	<u>1,257,733</u>	<u>1,197,218</u>	<u>60,515</u>	<u>1,193,036</u>
<b>Operation and maintenance of plant services</b>				
Supplies and materials	<u>100,000</u>	<u>58,638</u>	<u>41,362</u>	<u>112,571</u>
Total	<u>100,000</u>	<u>58,638</u>	<u>41,362</u>	<u>112,571</u>
<b>Food services</b>				
Salaries	1,682,713	1,607,884	74,829	1,604,469
Employee benefits	183,343	170,799	12,544	226,809
Purchased services	24,200	21,735	2,465	11,610
Supplies and materials	1,522,000	1,845,233	(323,233)	1,857,125
Capital outlay	9,000	-	9,000	-
Other objects	6,600	5,338	1,262	3,325
Non-capitalized equipment	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>7,831</u>
Total	<u>3,435,856</u>	<u>3,650,989</u>	<u>(215,133)</u>	<u>3,711,169</u>
<b>Internal services</b>				
Salaries	69,898	68,948	950	65,446
Employee benefits	18,850	17,932	918	16,065
Purchased services	167,800	146,034	21,766	166,682
Supplies and materials	17,000	14,146	2,854	15,707
Non-capitalized equipment	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>274,548</u>	<u>247,060</u>	<u>27,488</u>	<u>263,900</u>
Total business	<u>5,408,991</u>	<u>5,483,733</u>	<u>(74,742)</u>	<u>5,601,329</u>
<b>Central</b>				
<b>Planning, research, development and evaluation services</b>				
Salaries	1,192,707	1,348,953	(156,246)	1,229,488
Employee benefits	262,167	236,754	25,413	324,186
Purchased services	159,050	241,252	(82,202)	154,616
Supplies and materials	45,000	30,040	14,960	50,869
Other objects	1,600	1,220	380	3,657
Non-capitalized equipment	<u>21,750</u>	<u>4,606</u>	<u>17,144</u>	<u>-</u>
Total	<u>1,682,274</u>	<u>1,862,825</u>	<u>(180,551)</u>	<u>1,762,816</u>

See Auditors' Report and Notes to Required Supplementary Information

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**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Information services</b>				
Salaries	\$ 552,921	\$ 560,250	\$ (7,329)	\$ 467,848
Employee benefits	86,752	80,555	6,197	84,451
Purchased services	74,500	74,368	132	54,774
Supplies and materials	38,000	19,555	18,445	23,895
Other objects	33,000	36,123	(3,123)	29,745
Non-capitalized equipment	<u>6,000</u>	<u>6,498</u>	<u>(498)</u>	<u>13,380</u>
Total	<u>791,173</u>	<u>777,349</u>	<u>13,824</u>	<u>674,093</u>
<b>Staff services</b>				
Salaries	956,104	716,687	239,417	447,023
Employee benefits	7,190,277	4,958,584	2,231,693	2,414,645
Purchased services	81,000	78,757	2,243	76,768
Supplies and materials	18,000	96	17,904	14,187
Non-capitalized equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,294</u>
Total	<u>8,245,381</u>	<u>5,754,124</u>	<u>2,491,257</u>	<u>2,955,917</u>
<b>Data processing services</b>				
Salaries	320,389	313,448	6,941	267,526
Employee benefits	19,284	17,691	1,593	99,088
Purchased services	643,000	656,753	(13,753)	539,051
Supplies and materials	335,000	201,982	133,018	441,252
Capital outlay	40,000	19,990	20,010	10,123
Non-capitalized equipment	<u>100,000</u>	<u>45,167</u>	<u>54,833</u>	<u>102,708</u>
Total	<u>1,457,673</u>	<u>1,255,031</u>	<u>202,642</u>	<u>1,459,748</u>
Total central	<u>12,176,501</u>	<u>9,649,329</u>	<u>2,527,172</u>	<u>6,852,574</u>
<b>Other supporting services</b>				
Salaries	68,704	68,704	-	66,822
Employee benefits	<u>29,623</u>	<u>41,131</u>	<u>(11,508)</u>	<u>35,889</u>
Total	<u>98,327</u>	<u>109,835</u>	<u>(11,508)</u>	<u>102,711</u>
Total support services	<u>61,101,822</u>	<u>57,441,774</u>	<u>3,660,048</u>	<u>56,354,644</u>
<b>Community services</b>				
Salaries	18,000	3,411	14,589	-
Employee benefits	7,900	1,325	6,575	-
Purchased services	20,200	44,375	(24,175)	21,286
Supplies and materials	<u>21,500</u>	<u>15,725</u>	<u>5,775</u>	<u>22,337</u>
Total community services	<u>67,600</u>	<u>64,836</u>	<u>2,764</u>	<u>43,623</u>

See Auditors' Report and Notes to Required Supplementary Information

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**TOWNSHIP HIGH SCHOOL DISTRICT 214  
GENERAL FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Payments to other districts and governmental units</b>				
<b>Payments for regular programs</b>				
Purchased services	\$ 700,000	\$ -	\$ 700,000	\$ -
Total	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>-</u>
<b>Payments for special education programs</b>				
Purchased services	1,900,000	2,527,900	(627,900)	657,848
Total	<u>1,900,000</u>	<u>2,527,900</u>	<u>(627,900)</u>	<u>657,848</u>
<b>Payments for special education programs - tuition</b>				
Other objects	2,850,000	2,565,904	284,096	-
Total	<u>2,850,000</u>	<u>2,565,904</u>	<u>284,096</u>	<u>-</u>
Total payments to other districts and governmental units	<u>5,450,000</u>	<u>5,093,804</u>	<u>356,196</u>	<u>657,848</u>
Total expenditures	<u>195,800,000</u>	<u>190,054,061</u>	<u>5,745,939</u>	<u>186,046,457</u>
Excess (deficiency) of revenues over expenditures	<u>(900,000)</u>	<u>(104,978)</u>	<u>795,022</u>	<u>7,083,302</u>
<b>Other financing sources (uses)</b>				
Capital lease value	-	385,100	385,100	293,214
Permanent transfer from working cash accounts - abatement	(24,700,000)	(24,700,000)	-	(1,750,000)
Transfer among funds	-	-	-	(2,900,000)
Transfer to debt service fund to pay principal on capital leases	-	(192,295)	(192,295)	(157,745)
Transfer to debt service fund to pay interest on capital leases	-	(5,211)	(5,211)	(4,317)
Total other financing sources (uses)	<u>(24,700,000)</u>	<u>(24,512,406)</u>	<u>187,594</u>	<u>(4,518,848)</u>
Net change in fund balance	<u>\$ (25,600,000)</u>	<u>(24,617,384)</u>	<u>\$ 982,616</u>	<u>2,564,454</u>
Fund balance, beginning of year		<u>124,305,089</u>		<u>121,740,635</u>
Fund balance, end of year		<u>\$ 99,687,705</u>		<u>\$ 124,305,089</u>

See Auditors' Report and Notes to Required Supplementary Information

(Concluded)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
OPERATIONS AND MAINTENANCE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 31,000,000	\$ 31,360,678	\$ 360,678	\$ 30,702,590
Investment income	60,000	179,346	119,346	77,336
Fees	170,000	170,581	581	162,958
Rentals	900,000	1,210,425	310,425	1,161,601
Contributions and donations from private sources	10,000	19,735	9,735	30,736
Other	<u>60,000</u>	<u>72,602</u>	<u>12,602</u>	<u>68,493</u>
Total local sources	<u>32,200,000</u>	<u>33,013,367</u>	<u>813,367</u>	<u>32,203,714</u>
Total revenues	<u>32,200,000</u>	<u>33,013,367</u>	<u>813,367</u>	<u>32,203,714</u>
<b>Expenditures</b>				
<b>Support services</b>				
<b>Business</b>				
<b>Facilities acquisition and construction service</b>				
Purchased services	-	-	-	18,279
Supplies and materials	-	-	-	13,800
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,092</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,171</u>
<b>Operation and maintenance of plant services</b>				
Salaries	11,145,816	10,728,562	417,254	11,488,021
Employee benefits	2,385,484	2,436,045	(50,561)	2,589,294
Purchased services	2,189,150	2,193,673	(4,523)	2,757,916
Supplies and materials	4,770,050	4,325,213	444,837	4,991,738
Capital outlay	3,657,150	3,436,521	220,629	3,323,635
Other objects	53,500	53,646	(146)	52,535
Non-capitalized equipment	<u>114,650</u>	<u>183,108</u>	<u>(68,458)</u>	<u>276,440</u>
Total	<u>24,315,800</u>	<u>23,356,768</u>	<u>959,032</u>	<u>25,479,579</u>
Total business	<u>24,315,800</u>	<u>23,356,768</u>	<u>959,032</u>	<u>25,995,750</u>
Total support services	<u>24,315,800</u>	<u>23,356,768</u>	<u>959,032</u>	<u>25,995,750</u>

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
OPERATIONS AND MAINTENANCE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Community services</b>				
Salaries	\$ 78,950	\$ 72,659	\$ 6,291	\$ 84,036
Supplies and materials	<u>50,250</u>	<u>34,797</u>	<u>15,453</u>	<u>5,032</u>
Total community services	<u>129,200</u>	<u>107,456</u>	<u>21,744</u>	<u>89,068</u>
Total expenditures	<u>24,445,000</u>	<u>23,464,224</u>	<u>980,776</u>	<u>26,084,818</u>
Excess (deficiency) of revenues over expenditures	<u>7,755,000</u>	<u>9,549,143</u>	<u>1,794,143</u>	<u>6,118,896</u>
<b>Other financing sources (uses)</b>				
Transfer among funds	-	-	-	2,900,000
Transfer to debt service fund to pay principal on debt certificates	(2,885,000)	(2,885,000)	-	(2,800,000)
Transfer to debt service fund to pay interest on debt certificates	(370,000)	(355,775)	14,225	(413,548)
Transfer to capital projects fund	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>-</u>	<u>(6,100,000)</u>
Total other financing sources (uses)	<u>(7,755,000)</u>	<u>(7,740,775)</u>	<u>14,225</u>	<u>(6,413,548)</u>
Net change in fund balance	<u>\$ -</u>	1,808,368	<u>\$ 1,808,368</u>	(294,652)
Fund balance, beginning of year		<u>28,884,532</u>		<u>29,179,184</u>
Fund balance, end of year		<u>\$ 30,692,900</u>		<u>\$ 28,884,532</u>

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
TRANSPORTATION FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 6,900,000	\$ 6,650,372	\$ (249,628)	\$ 7,049,435
Regular transportation fees from pupils or parents (in state)	20,000	26,046	6,046	22,134
Summer school - transportation fees from pupils or parents (in state)	20,000	31,136	11,136	37,673
Investment income	<u>30,000</u>	<u>76,449</u>	<u>46,449</u>	<u>28,416</u>
Total local sources	<u>6,970,000</u>	<u>6,784,003</u>	<u>(185,997)</u>	<u>7,137,658</u>
<b>State sources</b>				
Transportation - regular/vocational	400,000	278,150	(121,850)	505,219
Transportation - special education	<u>2,130,000</u>	<u>1,968,141</u>	<u>(161,859)</u>	<u>2,643,974</u>
Total state sources	<u>2,530,000</u>	<u>2,246,291</u>	<u>(283,709)</u>	<u>3,149,193</u>
Total revenues	<u>9,500,000</u>	<u>9,030,294</u>	<u>(469,706)</u>	<u>10,286,851</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Business</b>				
<b>Pupil transportation services</b>				
Salaries	144,931	136,517	8,414	120,385
Employee benefits	41,604	41,640	(36)	51,294
Purchased services	7,559,165	8,053,462	(494,297)	7,356,772
Supplies and materials	504,000	309,880	194,120	473,083
Capital outlay	250,000	266,320	(16,320)	239,035
Other objects	<u>300</u>	<u>65</u>	<u>235</u>	<u>65</u>
Total	<u>8,500,000</u>	<u>8,807,884</u>	<u>(307,884)</u>	<u>8,240,634</u>
Total business	<u>8,500,000</u>	<u>8,807,884</u>	<u>(307,884)</u>	<u>8,240,634</u>
Total support services	<u>8,500,000</u>	<u>8,807,884</u>	<u>(307,884)</u>	<u>8,240,634</u>
Total expenditures	<u>8,500,000</u>	<u>8,807,884</u>	<u>(307,884)</u>	<u>8,240,634</u>
Net change in fund balance	<u>\$ 1,000,000</u>	222,410	<u>\$ (777,590)</u>	2,046,217
Fund balance, beginning of year		<u>11,691,915</u>		<u>9,645,698</u>
Fund balance, end of year		<u>\$ 11,914,325</u>		<u>\$ 11,691,915</u>

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 8,500,000	\$ 4,451,333	\$ (4,048,667)	\$ 4,196,417
Social security/Medicare only levy	-	4,099,385	4,099,385	3,719,857
Corporate personal property replacement taxes	490,000	465,257	(24,743)	465,961
Investment income	<u>10,000</u>	<u>39,126</u>	<u>29,126</u>	<u>14,806</u>
Total local sources	<u>9,000,000</u>	<u>9,055,101</u>	<u>55,101</u>	<u>8,397,041</u>
Total revenues	<u>9,000,000</u>	<u>9,055,101</u>	<u>55,101</u>	<u>8,397,041</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular programs	1,622,122	1,553,627	68,495	1,506,832
Special education programs	611,538	607,253	4,285	518,072
Educationally deprived/remedial programs	36,391	111,078	(74,687)	66,544
Adult/continuing education programs	254,315	220,372	33,943	245,373
Vocational programs	162,205	176,887	(14,682)	146,354
Interscholastic programs	382,146	422,156	(40,010)	390,246
Summer school programs	62,268	69,891	(7,623)	65,133
Gifted programs	767	1,015	(248)	926
Driver's education programs	14,122	16,563	(2,441)	16,527
Bilingual programs	199,439	194,140	5,299	192,140
Truant's alternative and optional programs	<u>9,562</u>	<u>14,589</u>	<u>(5,027)</u>	<u>14,232</u>
Total instruction	<u>3,354,875</u>	<u>3,387,571</u>	<u>(32,696)</u>	<u>3,162,379</u>
<b>Support services</b>				
<b>Pupils</b>				
Attendance and social work services	461,890	451,595	10,295	488,787
Guidance services	72,582	70,348	2,234	69,544
Health services	45,182	42,963	2,219	42,201
Psychological services	19,213	16,373	2,840	16,938
Speech pathology and audiology services	9,604	10,307	(703)	10,445
Other support services - pupils	<u>335,869</u>	<u>322,931</u>	<u>12,938</u>	<u>316,330</u>
Total pupils	<u>944,340</u>	<u>914,517</u>	<u>29,823</u>	<u>944,245</u>
<b>Instructional staff</b>				
Improvement of instructional staff	352,746	363,216	(10,470)	345,251
Educational media services	<u>119,909</u>	<u>115,403</u>	<u>4,506</u>	<u>123,259</u>
Total instructional staff	<u>472,655</u>	<u>478,619</u>	<u>(5,964)</u>	<u>468,510</u>
<b>General administration</b>				
Executive administration services	<u>139,683</u>	<u>128,780</u>	<u>10,903</u>	<u>128,261</u>
Total general administration	<u>139,683</u>	<u>128,780</u>	<u>10,903</u>	<u>128,261</u>

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>School administration</b>				
Office of the principal services	\$ 365,267	\$ 359,543	\$ 5,724	\$ 354,732
Total school administration	<u>365,267</u>	<u>359,543</u>	<u>5,724</u>	<u>354,732</u>
<b>Business</b>				
Direction of business support services	19,433	18,492	941	18,185
Fiscal services	135,753	129,446	6,307	125,332
Facilities acquisition and construction service	-	8,711	(8,711)	2,057
Operations and maintenance of plant services	2,213,303	2,072,184	141,119	2,241,342
Pupil transportation services	26,543	25,251	1,292	23,941
Food services	268,091	296,425	(28,334)	303,517
Internal services	<u>13,788</u>	<u>13,585</u>	<u>203</u>	<u>24,695</u>
Total business	<u>2,676,911</u>	<u>2,564,094</u>	<u>112,817</u>	<u>2,739,069</u>
<b>Central</b>				
Planning, research, development and evaluation services	234,331	233,899	432	231,038
Information services	111,577	107,167	4,410	93,205
Staff services	45,612	48,878	(3,266)	43,109
Data processing services	<u>71,825</u>	<u>58,988</u>	<u>12,837</u>	<u>64,442</u>
Total central	<u>463,345</u>	<u>448,932</u>	<u>14,413</u>	<u>431,794</u>
<b>Other supporting services</b>	<u>13,616</u>	<u>12,509</u>	<u>1,107</u>	<u>12,603</u>
Total support services	<u>5,075,817</u>	<u>4,906,994</u>	<u>168,823</u>	<u>5,079,214</u>
<b>Community services</b>				
	<u>19,308</u>	<u>13,621</u>	<u>5,687</u>	<u>15,743</u>
Total expenditures	<u>8,450,000</u>	<u>8,308,186</u>	<u>141,814</u>	<u>8,257,336</u>
Net change in fund balance	<u>\$ 550,000</u>	746,915	<u>\$ 196,915</u>	139,705
Fund balance, beginning of year		<u>5,541,176</u>		<u>5,401,471</u>
Fund balance, end of year		<u>\$ 6,288,091</u>		<u>\$ 5,541,176</u>

See Auditors' Report and Notes to Required Supplementary Information

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**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 modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

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 an 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 because 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 in the Educational Accounts of the General Fund. The differences between the budget and GAAP basis are as follows:

	<i>Revenues</i>	<i>Expenditures</i>
General Fund Budgetary Basis	\$ 189,949,083	\$ 190,054,061
To adjust for on-behalf payments received	57,215,265	-
To adjust for on-behalf payments made	-	57,215,265
General Fund GAAP Basis	\$ 247,164,348	\$ 247,269,326

**Excess of Expenditures over Budget**

For the year ended June 30, 2016, expenditures exceeded budget in the Transportation Fund, by \$307,884. This excess was funded by available fund balance.

See Auditors' Report

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**DEBT SERVICE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 3,400,000	\$ 3,352,771	\$ (47,229)	\$ 3,286,478
Investment income	<u>4,000</u>	<u>5,980</u>	<u>1,980</u>	<u>3,905</u>
Total local sources	<u>3,404,000</u>	<u>3,358,751</u>	<u>(45,249)</u>	<u>3,290,383</u>
<b>Federal sources</b>				
Build America bond interest reimbursements	<u>141,000</u>	<u>178,544</u>	<u>37,544</u>	<u>206,424</u>
Total federal sources	<u>141,000</u>	<u>178,544</u>	<u>37,544</u>	<u>206,424</u>
Total revenues	<u>3,545,000</u>	<u>3,537,295</u>	<u>(7,705)</u>	<u>3,496,807</u>
<b>Expenditures</b>				
<b>Debt services</b>				
<b>Payments on long term debt</b>				
Interest on long term debt	2,298,575	2,260,012	38,563	2,409,787
Principal payments on long term debt	<u>4,500,000</u>	<u>4,572,295</u>	<u>(72,295)</u>	<u>4,852,745</u>
Total	<u>6,798,575</u>	<u>6,832,307</u>	<u>(33,732)</u>	<u>7,262,532</u>
<b>Other debt service</b>				
Other objects	<u>1,425</u>	<u>4,388</u>	<u>(2,963)</u>	<u>3,586</u>
Total	<u>1,425</u>	<u>4,388</u>	<u>(2,963)</u>	<u>3,586</u>
Total debt services	<u>6,800,000</u>	<u>6,836,695</u>	<u>(36,695)</u>	<u>7,266,118</u>
Total expenditures	<u>6,800,000</u>	<u>6,836,695</u>	<u>(36,695)</u>	<u>7,266,118</u>
Excess (deficiency) of revenues over expenditures	<u>(3,255,000)</u>	<u>(3,299,400)</u>	<u>(44,400)</u>	<u>(3,769,311)</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**DEBT SERVICE FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Other financing sources (uses)</b>				
Permanent transfer from general fund (working cash accounts)	\$ -	\$ -	\$ -	\$ 350,000
Transfer to debt service to pay principal on capital leases	-	192,295	192,295	157,745
Transfer to debt service to pay interest on capital leases	-	5,211	5,211	4,317
Transfer to debt service to pay principal on debt certificates	2,885,000	2,885,000	-	2,800,000
Transfer to debt service to pay interest on debt certificates	<u>370,000</u>	<u>355,775</u>	<u>(14,225)</u>	<u>413,548</u>
Total other financing sources (uses)	<u>3,255,000</u>	<u>3,438,281</u>	<u>183,281</u>	<u>3,725,610</u>
Net change in fund balance	<u>\$ -</u>	138,881	<u>\$ 138,881</u>	(43,701)
Fund balance, beginning of year		<u>663,753</u>		<u>707,454</u>
Fund balance, end of year		<u>\$ 802,634</u>		<u>\$ 663,753</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
CAPITAL PROJECTS FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
Corporate personal property replacement taxes	\$ 3,200,000	\$ 3,200,000	\$ -	\$ -
Investment income	50,000	87,101	37,101	41,829
Contributions and donations from private sources	50,000	50,000	-	50,000
Refund of prior years' expenditures	-	1,500,000	1,500,000	-
Other	-	-	-	1,325,554
Total local sources	<u>3,300,000</u>	<u>4,837,101</u>	<u>1,537,101</u>	<u>1,417,383</u>
<b>State sources</b>				
School infrastructure - maintenance projects	-	-	-	100,000
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>Federal sources</b>				
Other restricted grants-in-aid received directly from federal government	-	-	-	658,389
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,389</u>
Total revenues	<u>3,300,000</u>	<u>4,837,101</u>	<u>1,537,101</u>	<u>2,175,772</u>
<b>Expenditures</b>				
<b>Support services</b>				
<b>Business</b>				
<b>Facilities acquisition and construction service</b>				
Salaries	50,000	44,702	5,298	10,236
Purchased services	-	(24,220)	24,220	99,759
Supplies and materials	-	9,518	(9,518)	28,640
Capital outlay	<u>30,250,000</u>	<u>26,429,740</u>	<u>3,820,260</u>	<u>19,297,266</u>
Total	<u>30,300,000</u>	<u>26,459,740</u>	<u>3,840,260</u>	<u>19,435,901</u>
Total business	<u>30,300,000</u>	<u>26,459,740</u>	<u>3,840,260</u>	<u>19,435,901</u>
Total support services	<u>30,300,000</u>	<u>26,459,740</u>	<u>3,840,260</u>	<u>19,435,901</u>
Total expenditures	<u>30,300,000</u>	<u>26,459,740</u>	<u>3,840,260</u>	<u>19,435,901</u>
Excess (deficiency) of revenues over expenditures	<u>(27,000,000)</u>	<u>(21,622,639)</u>	<u>5,377,361</u>	<u>(17,260,129)</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
CAPITAL PROJECTS FUND**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Other financing sources (uses)</b>				
Permanent transfer from general fund - working cash accounts - abatement	\$ 24,700,000	\$ 24,700,000	\$ -	\$ 1,400,000
Transfer to capital projects fund	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>6,100,000</u>
Total other financing sources (uses)	<u>29,200,000</u>	<u>29,200,000</u>	<u>-</u>	<u>7,500,000</u>
Net change in fund balance	<u>\$ 2,200,000</u>	7,577,361	<u>\$ 5,377,361</u>	(9,760,129)
Fund balance, beginning of year		<u>5,190,504</u>		<u>14,950,633</u>
Fund balance, end of year		<u>\$ 12,767,865</u>		<u>\$ 5,190,504</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214****GENERAL FUND**

## COMBINING BALANCE SHEET

AS OF JUNE 30, 2016

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
<b>Assets</b>			
Cash	\$ 110,286	\$ -	\$ 110,286
Investments	71,522,752	29,081,674	100,604,426
Receivables (net allowance for uncollectibles):			
Interest	76,126	30,632	106,758
Property taxes	76,585,154	-	76,585,154
Replacement taxes	1,175,746	-	1,175,746
Intergovernmental	3,868,808	-	3,868,808
Prepaid items	<u>607,611</u>	<u>-</u>	<u>607,611</u>
Total assets	<u>\$ 153,946,483</u>	<u>\$ 29,112,306</u>	<u>\$ 183,058,789</u>
<b>Liabilities, deferred inflows of resources, and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 667,348	\$ -	\$ 667,348
Payroll deductions payable	1,443	-	1,443
Other current liabilities	2,582,185	-	2,582,185
Unearned student fees	100,407	-	100,407
Unearned other	<u>889,092</u>	<u>-</u>	<u>889,092</u>
Total liabilities	<u>4,240,475</u>	<u>-</u>	<u>4,240,475</u>
<b>Deferred inflows of resources</b>			
Property taxes levied for a future period	76,585,154	-	76,585,154
Deferred revenue	<u>2,545,455</u>	<u>-</u>	<u>2,545,455</u>
Total deferred inflows of resources	<u>79,130,609</u>	<u>-</u>	<u>79,130,609</u>
<b>Fund balance</b>			
Nonspendable	607,611	-	607,611
Committed	2,052,362	-	2,052,362
Unassigned	<u>67,915,426</u>	<u>29,112,306</u>	<u>97,027,732</u>
Total fund balance	<u>70,575,399</u>	<u>29,112,306</u>	<u>99,687,705</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 153,946,483</u>	<u>\$ 29,112,306</u>	<u>\$ 183,058,789</u>

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## GENERAL FUND

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
<b>Revenues</b>			
Property taxes	\$ 158,432,287	\$ -	\$ 158,432,287
Corporate personal property replacement taxes	2,435,586	-	2,435,586
State aid	67,817,796	-	67,817,796
Federal aid	5,371,476	-	5,371,476
Investment income	562,576	167,869	730,445
Other	<u>12,376,758</u>	<u>-</u>	<u>12,376,758</u>
Total revenues	<u>246,996,479</u>	<u>167,869</u>	<u>247,164,348</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular programs	76,530,739	-	76,530,739
Special programs	20,897,443	-	20,897,443
Other instructional programs	29,644,509	-	29,644,509
State retirement contributions	57,215,265	-	57,215,265
Support Services:			
Pupils	18,275,177	-	18,275,177
Instructional staff	11,739,632	-	11,739,632
General administration	3,483,394	-	3,483,394
School administration	8,700,674	-	8,700,674
Business	5,425,095	-	5,425,095
Operations and maintenance	58,638	-	58,638
Central	9,629,339	-	9,629,339
Other supporting services	109,835	-	109,835
Community services	64,836	-	64,836
Payments to other districts and gov't units	5,093,804	-	5,093,804
Capital outlay	<u>400,946</u>	<u>-</u>	<u>400,946</u>
Total expenditures	<u>247,269,326</u>	<u>-</u>	<u>247,269,326</u>
Excess (deficiency) of revenues over expenditures	<u>(272,847)</u>	<u>167,869</u>	<u>(104,978)</u>
<b>Other financing sources (uses)</b>			
Transfers (out)	(197,506)	(24,700,000)	(24,897,506)
Capital Lease	<u>385,100</u>	<u>-</u>	<u>385,100</u>
Total other financing sources (uses)	<u>187,594</u>	<u>(24,700,000)</u>	<u>(24,512,406)</u>
Net change in fund balance	(85,253)	(24,532,131)	(24,617,384)
Fund balance, beginning of year	<u>70,660,652</u>	<u>53,644,437</u>	<u>124,305,089</u>
Fund balance, end of year	<u>\$ 70,575,399</u>	<u>\$ 29,112,306</u>	<u>\$ 99,687,705</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ 155,400,000	\$ 157,332,895	\$ 1,932,895	\$ 152,345,175
Special education levy	1,000,000	1,099,392	99,392	980,159
Corporate personal property replacement taxes	3,700,000	2,435,586	(1,264,414)	7,169,300
Summer school - tuition from pupils or parents (in state)	255,000	244,017	(10,983)	297,068
CTE - Tuition from other sources (in state)	150,000	-	(150,000)	-
Special education - tuition from other sources (in state)	20,000	18,092	(1,908)	32,839
Adult - tuition from pupils or parents (in state)	340,100	326,852	(13,248)	323,152
Investment income	250,000	562,576	312,576	230,742
Sales to pupils - lunch	1,354,700	1,295,292	(59,408)	1,328,479
Sales to pupils - breakfast	8,000	4,070	(3,930)	5,662
Sales to pupils - a la carte	1,251,500	1,557,769	306,269	1,270,911
Sales to pupils - other	630,800	652,386	21,586	633,973
Sales to adults	57,500	43,908	(13,592)	41,346
Other food service	154,000	130,348	(23,652)	142,108
Admissions - athletic	87,050	86,872	(178)	91,907
Fees	1,292,720	1,358,185	65,465	1,045,892
Rentals - regular textbook	3,808,000	3,162,678	(645,322)	4,058,500
Rentals - adult/continuing education textbook	5,000	9,445	4,445	5,485
Sales - adult/continuing education textbook	40,000	32,507	(7,493)	40,339
Sales - other	2,500	3,685	1,185	4,192
Contributions and donations from private sources	98,200	306,818	208,618	135,880
Refund of prior years' expenditures	44,200	241,632	197,432	55,151
Payments of surplus monies from TIF districts	1,400,000	1,547,300	147,300	1,433,894
Driver's education fees	160,000	235,926	75,926	186,940
Sale of vocational projects	650,000	-	(650,000)	553,142
Other local fees	459,600	499,696	40,096	467,961
Other	4,335,012	619,280	(3,715,732)	658,316
<b>Total local sources</b>	<u>176,953,882</u>	<u>173,807,207</u>	<u>(3,146,675)</u>	<u>173,538,513</u>
<b>State sources</b>				
General state aid	5,800,000	6,135,191	335,191	5,632,863
Special education - private facility tuition	364,000	258,956	(105,044)	385,016
Special education - extraordinary	1,500,000	1,156,857	(343,143)	1,461,966
Special education - personnel	1,600,000	1,608,524	8,524	1,961,532
Special education - orphanage - individual	1,700,000	566,919	(1,133,081)	2,757,928
Special education - orphanage - summer	280,000	203,953	(76,047)	274,451
Special education - summer school	-	14,329	14,329	-
CTE - Technical education - tech prep	123,400	-	(123,400)	-
CTE - Other	-	159,390	159,390	152,415
Bilingual education - downstate - TPI	297,700	115,435	(182,265)	243,889
State free lunch & breakfast	-	-	-	1,432
Driver education	150,000	157,150	7,150	158,698

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Adult education from Illinois community college board	\$ 442,000	\$ -	\$ (442,000)	\$ 441,282
Adult education - other	146,000	123,500	(22,500)	144,700
Early childhood - block grant	69,000	69,453	453	67,620
Other restricted revenue from state sources	<u>13,500</u>	<u>32,874</u>	<u>19,374</u>	<u>96,649</u>
Total state sources	<u>12,485,600</u>	<u>10,602,531</u>	<u>(1,883,069)</u>	<u>13,780,441</u>
<b>Federal sources</b>				
Other restricted grants-in-aid received directly from federal government	75,000	78,047	3,047	77,180
Special milk program	146,500	72,610	(73,890)	121,984
Title I - Low income	1,455,000	1,515,855	60,855	1,626,683
Federal - special education - IDEA - flow-through/low incident	1,900,000	1,867,600	(32,400)	2,004,535
Federal - special education - IDEA - room & board	300,000	356,648	56,648	219,959
CTE - Perkins - Title III E - tech. prep.	242,000	243,359	1,359	239,881
Federal - adult education	228,000	237,202	9,202	210,646
Emergency immigrant assistance	32,700	36,875	4,175	32,708
Title III - English language acquisition	49,500	52,639	3,139	45,903
Title II - Teacher quality	200,550	160,991	(39,559)	226,685
Medicaid matching funds - administrative outreach	200,000	193,369	(6,631)	308,034
Medicaid matching funds - fee-for-service program	80,000	100,994	20,994	177,345
Other restricted revenue from federal sources	<u>451,268</u>	<u>455,287</u>	<u>4,019</u>	<u>379,493</u>
Total federal sources	<u>5,360,518</u>	<u>5,371,476</u>	<u>10,958</u>	<u>5,671,036</u>
Total revenues	<u>194,800,000</u>	<u>189,781,214</u>	<u>(5,018,786)</u>	<u>192,989,990</u>
<b>Expenditures</b>				
<b>Instruction</b>				
<b>Regular programs</b>				
Salaries	60,857,559	60,485,095	372,464	58,057,338
Employee benefits	10,678,281	9,775,773	902,508	10,046,992
Purchased services	1,497,543	1,495,936	1,607	1,334,430
Supplies and materials	4,346,600	4,429,975	(83,375)	5,210,924
Capital outlay	48,300	89,493	(41,193)	9,325
Other objects	52,400	51,211	1,189	55,505
Non-capitalized equipment	<u>163,900</u>	<u>292,749</u>	<u>(128,849)</u>	<u>205,193</u>
Total	<u>77,644,583</u>	<u>76,620,232</u>	<u>1,024,351</u>	<u>74,919,707</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Special education programs</b>				
Salaries	\$ 11,693,270	\$ 11,754,286	\$ (61,016)	\$ 11,233,290
Employee benefits	1,967,484	2,114,978	(147,494)	1,923,838
Purchased services	187,750	222,217	(34,467)	2,046,677
Supplies and materials	117,200	78,227	38,973	191,944
Capital outlay	-	11,982	(11,982)	-
Other objects	2,302,500	1,958,853	343,647	6,923,365
Non-capitalized equipment	<u>36,800</u>	<u>14,373</u>	<u>22,427</u>	<u>33,064</u>
Total	<u>16,305,004</u>	<u>16,154,916</u>	<u>150,088</u>	<u>22,352,178</u>
<b>Remedial and supplemental programs K - 12</b>				
Salaries	902,442	1,283,946	(381,504)	966,145
Employee benefits	148,672	215,964	(67,292)	141,247
Purchased services	412,000	92,536	319,464	229,601
Supplies and materials	121,000	126,013	(5,013)	287,303
Non-capitalized equipment	<u>-</u>	<u>15,367</u>	<u>(15,367)</u>	<u>-</u>
Total	<u>1,584,114</u>	<u>1,733,826</u>	<u>(149,712)</u>	<u>1,624,296</u>
<b>Adult/continuing education programs</b>				
Salaries	1,430,554	1,128,676	301,878	1,253,343
Employee benefits	72,394	58,296	14,098	86,339
Purchased services	319,500	284,992	34,508	284,928
Supplies and materials	68,700	46,395	22,305	79,272
Capital outlay	-	-	-	4,354
Other objects	2,600	740	1,860	2,259
Non-capitalized equipment	<u>1,500</u>	<u>16,156</u>	<u>(14,656)</u>	<u>1,095</u>
Total	<u>1,895,248</u>	<u>1,535,255</u>	<u>359,993</u>	<u>1,711,590</u>
<b>CTE programs</b>				
Salaries	6,445,176	6,482,471	(37,295)	6,127,733
Employee benefits	1,017,433	1,025,583	(8,150)	975,890
Purchased services	431,400	570,208	(138,808)	502,886
Supplies and materials	806,750	575,332	231,418	747,654
Capital outlay	425,000	279,481	145,519	91,694
Other objects	231,500	227,951	3,549	266,575
Non-capitalized equipment	<u>235,000</u>	<u>333,129</u>	<u>(98,129)</u>	<u>324,577</u>
Total	<u>9,592,259</u>	<u>9,494,155</u>	<u>98,104</u>	<u>9,037,009</u>
<b>Interscholastic programs</b>				
Salaries	9,285,434	8,910,734	374,700	8,747,196
Employee benefits	185,204	184,733	471	177,079
Purchased services	679,841	667,861	11,980	702,628
Supplies and materials	391,750	353,414	38,336	377,322
Other objects	238,650	244,874	(6,224)	246,636
Non-capitalized equipment	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>5,113</u>
Total	<u>10,790,879</u>	<u>10,361,616</u>	<u>429,263</u>	<u>10,255,974</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Summer school programs</b>				
Salaries	\$ 1,311,650	\$ 1,335,804	\$ (24,154)	\$ 1,286,957
Employee benefits	6,130	4,778	1,352	4,493
Purchased services	5,000	-	5,000	-
Supplies and materials	<u>14,200</u>	<u>4,715</u>	<u>9,485</u>	<u>8,913</u>
Total	<u>1,336,980</u>	<u>1,345,297</u>	<u>(8,317)</u>	<u>1,300,363</u>
<b>Gifted programs</b>				
Salaries	118,556	122,745	(4,189)	113,132
Employee benefits	16,019	15,526	493	15,325
Purchased services	6,400	784	5,616	1,342
Supplies and materials	4,400	453	3,947	1,350
Other objects	<u>250</u>	<u>-</u>	<u>250</u>	<u>119</u>
Total	<u>145,625</u>	<u>139,508</u>	<u>6,117</u>	<u>131,268</u>
<b>Driver's education programs</b>				
Salaries	1,137,263	1,178,618	(41,355)	1,176,618
Employee benefits	151,853	144,609	7,244	138,974
Purchased services	13,900	5,209	8,691	15,676
Supplies and materials	<u>24,000</u>	<u>14,216</u>	<u>9,784</u>	<u>63,045</u>
Total	<u>1,327,016</u>	<u>1,342,652</u>	<u>(15,636)</u>	<u>1,394,313</u>
<b>Bilingual programs</b>				
Salaries	4,325,258	4,286,219	39,039	4,418,148
Employee benefits	832,291	785,464	46,827	835,674
Purchased services	27,600	17,681	9,919	16,427
Supplies and materials	76,020	69,921	6,099	58,762
Other objects	<u>400</u>	<u>94</u>	<u>306</u>	<u>54</u>
Total	<u>5,261,569</u>	<u>5,159,379</u>	<u>102,190</u>	<u>5,329,065</u>
<b>Truant's alternative and optional programs</b>				
Salaries	478,778	473,613	5,165	469,034
Employee benefits	39,323	36,881	2,442	38,985
Purchased services	38,700	31,254	7,446	34,470
Supplies and materials	3,000	4,370	(1,370)	1,388
Other objects	<u>-</u>	<u>10</u>	<u>(10)</u>	<u>-</u>
Total	<u>559,801</u>	<u>546,128</u>	<u>13,673</u>	<u>543,877</u>
<b>Special education programs K -12 - private tuition</b>				
Other objects	<u>2,737,500</u>	<u>3,020,683</u>	<u>(283,183)</u>	<u>390,702</u>
Total	<u>2,737,500</u>	<u>3,020,683</u>	<u>(283,183)</u>	<u>390,702</u>
Total instruction	<u>129,180,578</u>	<u>127,453,647</u>	<u>1,726,931</u>	<u>128,990,342</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Support services</b>				
<b>Pupils</b>				
<b>Attendance and social work services</b>				
Salaries	\$ 5,270,362	\$ 5,111,473	\$ 158,889	\$ 5,357,338
Employee benefits	1,338,553	1,166,815	171,738	1,390,321
Purchased services	21,285	3,322	17,963	14,247
Supplies and materials	7,950	1,956	5,994	3,730
Other objects	700	-	700	260
Total	<u>6,638,850</u>	<u>6,283,566</u>	<u>355,284</u>	<u>6,765,896</u>
<b>Guidance services</b>				
Salaries	4,976,882	4,984,784	(7,902)	4,851,448
Employee benefits	715,349	711,483	3,866	678,492
Purchased services	121,250	112,039	9,211	49,248
Supplies and materials	22,900	23,621	(721)	22,380
Other objects	950	68	882	310
Total	<u>5,837,331</u>	<u>5,831,995</u>	<u>5,336</u>	<u>5,601,878</u>
<b>Health services</b>				
Salaries	813,303	812,054	1,249	781,423
Employee benefits	173,938	176,236	(2,298)	161,571
Purchased services	40,600	30,037	10,563	28,230
Supplies and materials	18,200	13,539	4,661	20,072
Non-capitalized equipment	10,000	-	10,000	1,340
Total	<u>1,056,041</u>	<u>1,031,866</u>	<u>24,175</u>	<u>992,636</u>
<b>Psychological services</b>				
Salaries	1,177,570	1,161,413	16,157	1,141,172
Employee benefits	160,488	162,217	(1,729)	148,107
Supplies and materials	4,000	1,355	2,645	2,098
Total	<u>1,342,058</u>	<u>1,324,985</u>	<u>17,073</u>	<u>1,291,377</u>
<b>Speech pathology and audiology services</b>				
Salaries	738,450	728,789	9,661	737,062
Employee benefits	79,175	80,274	(1,099)	82,969
Supplies and materials	900	599	301	857
Total	<u>818,525</u>	<u>809,662</u>	<u>8,863</u>	<u>820,888</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Other support services - pupils</b>				
Salaries	\$ 1,703,606	\$ 1,674,871	\$ 28,735	\$ 1,634,285
Employee benefits	640,295	599,776	40,519	658,961
Purchased services	609,000	709,017	(100,017)	669,452
Supplies and materials	<u>54,000</u>	<u>9,439</u>	<u>44,561</u>	<u>13,922</u>
Total	<u>3,006,901</u>	<u>2,993,103</u>	<u>13,798</u>	<u>2,976,620</u>
Total pupils	<u>18,699,706</u>	<u>18,275,177</u>	<u>424,529</u>	<u>18,449,295</u>
<b>Instructional staff</b>				
<b>Improvement of instructional services</b>				
Salaries	7,381,826	7,450,387	(68,561)	6,978,985
Employee benefits	1,407,144	1,356,941	50,203	1,492,705
Purchased services	1,083,155	1,107,882	(24,727)	1,165,516
Supplies and materials	35,950	23,753	12,197	125,440
Capital outlay	2,000	-	2,000	-
Other objects	61,500	59,011	2,489	41,773
Non-capitalized equipment	<u>11,500</u>	<u>22,105</u>	<u>(10,605)</u>	<u>24,921</u>
Total	<u>9,983,075</u>	<u>10,020,079</u>	<u>(37,004)</u>	<u>9,829,340</u>
<b>Educational media services</b>				
Salaries	1,223,220	1,228,239	(5,019)	1,245,659
Employee benefits	234,857	235,452	(595)	261,877
Purchased services	225,900	(137,637)	363,537	13,335
Supplies and materials	391,550	332,602	58,948	377,337
Other objects	1,000	873	127	635
Non-capitalized equipment	<u>9,500</u>	<u>60,024</u>	<u>(50,524)</u>	<u>81,101</u>
Total	<u>2,086,027</u>	<u>1,719,553</u>	<u>366,474</u>	<u>1,979,944</u>
<b>Assessment and testing</b>				
Purchased services	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total instructional staff	<u>12,070,102</u>	<u>11,739,632</u>	<u>330,470</u>	<u>11,809,284</u>
<b>General administration</b>				
<b>Board of education services</b>				
Employee benefits	-	-	-	2,000,000
Purchased services	518,500	646,587	(128,087)	479,222
Supplies and materials	5,000	4,576	424	782
Other objects	<u>15,000</u>	<u>29,351</u>	<u>(14,351)</u>	<u>35,892</u>
Total	<u>538,500</u>	<u>680,514</u>	<u>(142,014)</u>	<u>2,515,896</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Executive administration services</b>				
Salaries	\$ 1,123,013	\$ 1,124,311	\$ (1,298)	\$ 1,062,736
Employee benefits	209,238	176,609	32,629	220,444
Purchased services	37,900	33,718	4,182	58,759
Supplies and materials	5,200	3,518	1,682	7,648
Other objects	6,000	4,047	1,953	3,763
Non-capitalized equipment	<u>4,000</u>	<u>835</u>	<u>3,165</u>	<u>252</u>
Total	<u>1,385,351</u>	<u>1,343,038</u>	<u>42,313</u>	<u>1,353,602</u>
<b>Tort immunity services</b>				
Purchased services	<u>1,690,000</u>	<u>1,459,842</u>	<u>230,158</u>	<u>1,233,672</u>
Total	<u>1,690,000</u>	<u>1,459,842</u>	<u>230,158</u>	<u>1,233,672</u>
Total general administration	<u>3,613,851</u>	<u>3,483,394</u>	<u>130,457</u>	<u>5,103,170</u>
<b>School administration</b>				
<b>Office of the principal services</b>				
Salaries	6,933,258	6,765,248	168,010	6,301,418
Employee benefits	1,642,482	1,486,978	155,504	1,687,372
Purchased services	141,400	158,482	(17,082)	130,686
Supplies and materials	248,600	247,972	628	263,461
Capital outlay	10,000	-	10,000	5,625
Other objects	27,250	23,996	3,254	21,312
Non-capitalized equipment	<u>31,354</u>	<u>17,998</u>	<u>13,356</u>	<u>26,407</u>
Total	<u>9,034,344</u>	<u>8,700,674</u>	<u>333,670</u>	<u>8,436,281</u>
Total school administration	<u>9,034,344</u>	<u>8,700,674</u>	<u>333,670</u>	<u>8,436,281</u>
<b>Business</b>				
<b>Direction of business support services</b>				
Salaries	266,572	266,572	-	247,651
Employee benefits	63,532	56,916	6,616	68,529
Purchased services	7,000	5,489	1,511	3,684
Supplies and materials	750	67	683	10
Other objects	1,000	784	216	779
Non-capitalized equipment	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total	<u>340,854</u>	<u>329,828</u>	<u>11,026</u>	<u>320,653</u>
<b>Fiscal services</b>				
Salaries	817,469	813,188	4,281	756,264
Employee benefits	153,764	148,467	5,297	181,543
Purchased services	259,500	222,283	37,217	235,397
Supplies and materials	18,000	8,881	9,119	13,713
Other objects	7,000	4,399	2,601	6,119
Non-capitalized equipment	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
Total	<u>1,257,733</u>	<u>1,197,218</u>	<u>60,515</u>	<u>1,193,036</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Operation and maintenance of plant services</b>				
Supplies and materials	\$ 100,000	\$ 58,638	\$ 41,362	\$ 112,571
Total	<u>100,000</u>	<u>58,638</u>	<u>41,362</u>	<u>112,571</u>
<b>Food services</b>				
Salaries	1,682,713	1,607,884	74,829	1,604,469
Employee benefits	183,343	170,799	12,544	226,809
Purchased services	24,200	21,735	2,465	11,610
Supplies and materials	1,522,000	1,845,233	(323,233)	1,857,125
Capital outlay	9,000	-	9,000	-
Other objects	6,600	5,338	1,262	3,325
Non-capitalized equipment	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>7,831</u>
Total	<u>3,435,856</u>	<u>3,650,989</u>	<u>(215,133)</u>	<u>3,711,169</u>
<b>Internal services</b>				
Salaries	69,898	68,948	950	65,446
Employee benefits	18,850	17,932	918	16,065
Purchased services	167,800	146,034	21,766	166,682
Supplies and materials	17,000	14,146	2,854	15,707
Non-capitalized equipment	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>274,548</u>	<u>247,060</u>	<u>27,488</u>	<u>263,900</u>
Total business	<u>5,408,991</u>	<u>5,483,733</u>	<u>(74,742)</u>	<u>5,601,329</u>
<b>Central</b>				
<b>Planning, research, development and evaluation services</b>				
Salaries	1,192,707	1,348,953	(156,246)	1,229,488
Employee benefits	262,167	236,754	25,413	324,186
Purchased services	159,050	241,252	(82,202)	154,616
Supplies and materials	45,000	30,040	14,960	50,869
Other objects	1,600	1,220	380	3,657
Non-capitalized equipment	<u>21,750</u>	<u>4,606</u>	<u>17,144</u>	<u>-</u>
Total	<u>1,682,274</u>	<u>1,862,825</u>	<u>(180,551)</u>	<u>1,762,816</u>
<b>Information services</b>				
Salaries	552,921	560,250	(7,329)	467,848
Employee benefits	86,752	80,555	6,197	84,451
Purchased services	74,500	74,368	132	54,774
Supplies and materials	38,000	19,555	18,445	23,895
Other objects	33,000	36,123	(3,123)	29,745
Non-capitalized equipment	<u>6,000</u>	<u>6,498</u>	<u>(498)</u>	<u>13,380</u>
Total	<u>791,173</u>	<u>777,349</u>	<u>13,824</u>	<u>674,093</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Staff services</b>				
Salaries	\$ 956,104	\$ 716,687	\$ 239,417	\$ 447,023
Employee benefits	7,190,277	4,958,584	2,231,693	2,414,645
Purchased services	81,000	78,757	2,243	76,768
Supplies and materials	18,000	96	17,904	14,187
Non-capitalized equipment	-	-	-	3,294
Total	<u>8,245,381</u>	<u>5,754,124</u>	<u>2,491,257</u>	<u>2,955,917</u>
<b>Data processing services</b>				
Salaries	320,389	313,448	6,941	267,526
Employee benefits	19,284	17,691	1,593	99,088
Purchased services	643,000	656,753	(13,753)	539,051
Supplies and materials	335,000	201,982	133,018	441,252
Capital outlay	40,000	19,990	20,010	10,123
Non-capitalized equipment	100,000	45,167	54,833	102,708
Total	<u>1,457,673</u>	<u>1,255,031</u>	<u>202,642</u>	<u>1,459,748</u>
Total central	<u>12,176,501</u>	<u>9,649,329</u>	<u>2,527,172</u>	<u>6,852,574</u>
<b>Other supporting services</b>				
Salaries	68,704	68,704	-	66,822
Employee benefits	29,623	41,131	(11,508)	35,889
Total	<u>98,327</u>	<u>109,835</u>	<u>(11,508)</u>	<u>102,711</u>
Total support services	<u>61,101,822</u>	<u>57,441,774</u>	<u>3,660,048</u>	<u>56,354,644</u>
<b>Community services</b>				
Salaries	18,000	3,411	14,589	-
Employee benefits	7,900	1,325	6,575	-
Purchased services	20,200	44,375	(24,175)	21,286
Supplies and materials	21,500	15,725	5,775	22,337
Total community services	<u>67,600</u>	<u>64,836</u>	<u>2,764</u>	<u>43,623</u>
<b>Payments to other districts and governmental units</b>				
<b>Payments for regular programs</b>				
Purchased services	700,000	-	700,000	-
Total	<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>-</u>
<b>Payments for special education programs</b>				
Purchased services	1,900,000	2,527,900	(627,900)	657,848
Total	<u>1,900,000</u>	<u>2,527,900</u>	<u>(627,900)</u>	<u>657,848</u>

(Continued)

**TOWNSHIP HIGH SCHOOL DISTRICT 214  
EDUCATIONAL ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-  
GAAP BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Payments for special education programs - tuition</b>				
Other objects	\$ 2,850,000	\$ 2,565,904	\$ 284,096	\$ -
Total	<u>2,850,000</u>	<u>2,565,904</u>	<u>284,096</u>	<u>-</u>
Total payments to other districts and governmental units	<u>5,450,000</u>	<u>5,093,804</u>	<u>356,196</u>	<u>657,848</u>
Total expenditures	<u>195,800,000</u>	<u>190,054,061</u>	<u>5,745,939</u>	<u>186,046,457</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000,000)</u>	<u>(272,847)</u>	<u>727,153</u>	<u>6,943,533</u>
<b>Other financing sources (uses)</b>				
Capital lease value	-	385,100	385,100	293,214
Transfer among funds	-	-	-	(2,900,000)
Transfer to debt service fund to pay principal on capital leases	-	(192,295)	(192,295)	(157,745)
Transfer to debt service fund to pay interest on capital leases	<u>-</u>	<u>(5,211)</u>	<u>(5,211)</u>	<u>(4,317)</u>
Total other financing sources (uses)	<u>-</u>	<u>187,594</u>	<u>187,594</u>	<u>(2,768,848)</u>
Net change in fund balance	<u>\$ (1,000,000)</u>	<u>(85,253)</u>	<u>\$ 914,747</u>	<u>4,174,685</u>
Fund balance, beginning of year		<u>70,660,652</u>		<u>66,485,967</u>
Fund balance, end of year		<u>\$ 70,575,399</u>		<u>\$ 70,660,652</u>

(Concluded)

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**WORKING CASH ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
<b>Revenues</b>				
<b>Local sources</b>				
General levy	\$ -	\$ -	\$ -	\$ (331)
Investment income	<u>100,000</u>	<u>167,869</u>	<u>67,869</u>	<u>140,100</u>
Total local sources	<u>100,000</u>	<u>167,869</u>	<u>67,869</u>	<u>139,769</u>
Total revenues	<u>100,000</u>	<u>167,869</u>	<u>67,869</u>	<u>139,769</u>
<b>Expenditures</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>167,869</u>	<u>67,869</u>	<u>139,769</u>
<b>Other financing sources (uses)</b>				
Permanent transfer from working cash accounts - abolishment	<u>(24,700,000)</u>	<u>(24,700,000)</u>	<u>-</u>	<u>(1,750,000)</u>
Total other financing sources (uses)	<u>(24,700,000)</u>	<u>(24,700,000)</u>	<u>-</u>	<u>(1,750,000)</u>
Net change in fund balance	<u>\$ (24,600,000)</u>	<u>(24,532,131)</u>	<u>\$ 67,869</u>	<u>(1,610,231)</u>
Fund balance, beginning of year		<u>53,644,437</u>		<u>55,254,668</u>
Fund balance, end of year		<u>\$ 29,112,306</u>		<u>\$ 53,644,437</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**AGENCY FUNDS**  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
<b>Assets</b>				
Cash	\$ 5,220,538	\$ 14,730,082	\$ 14,819,021	\$ 5,131,599
Total assets	<u>\$ 5,220,538</u>	<u>\$ 14,730,082</u>	<u>\$ 14,819,021</u>	<u>\$ 5,131,599</u>
<b>Liabilities</b>				
<b>Due to activity fund organizations:</b>				
Forest View Education Center	\$ 680,389	\$ 1,503,821	\$ 1,427,880	\$ 756,330
Hersey High School	1,077,543	2,152,067	2,248,913	980,697
Elk Grove High School	429,456	1,809,177	1,847,916	390,717
Rolling Meadows High School	822,114	2,138,062	2,120,318	839,858
Prospect High School	1,042,443	2,987,481	2,975,346	1,054,578
Buffalo Grove High School	694,569	2,518,656	2,516,431	696,794
Wheeling High School	<u>474,024</u>	<u>1,620,818</u>	<u>1,682,217</u>	<u>412,625</u>
Total liabilities	<u>\$ 5,220,538</u>	<u>\$ 14,730,082</u>	<u>\$ 14,819,021</u>	<u>\$ 5,131,599</u>

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## SCHEDULE OF BONDS OUTSTANDING

JUNE 30, 2016

### MAY 10, 2007 ISSUE

YEAR ENDED JUNE 30,	BONDS OUTSTANDING	INTEREST PAYABLE	TOTAL DEBT SERVICE
2017	\$ 1,220,000	\$ 768,438	\$ 1,988,438
2018	1,270,000	718,637	1,988,637
2019	1,320,000	666,838	1,986,838
2020	1,375,000	611,218	1,986,218
2021	1,430,000	546,250	1,976,250
2022	1,500,000	473,000	1,973,000
2023	1,575,000	396,125	1,971,125
2024	1,655,000	315,375	1,970,375
2025	1,740,000	230,500	1,970,500
2026	1,825,000	141,375	1,966,375
2027	<u>1,915,000</u>	<u>47,875</u>	<u>1,962,875</u>
Total	<u>\$ 16,825,000</u>	<u>\$ 4,915,631</u>	<u>\$ 21,740,631</u>

Paying agent:

The Bank of New York Trust Company

Principal payment date:

December 1

Interest payment dates:

December 1 and June 1

Interest rates:

4.00% - 5.00%

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

SCHEDULE OF BONDS OUTSTANDING

JUNE 30, 2016

**JULY 30, 2008 ISSUE**

YEAR ENDED JUNE 30,	BONDS OUTSTANDING	INTEREST PAYABLE	TOTAL DEBT SERVICE
2017	\$ 325,000	\$ 187,142	\$ 512,142
2018	1,100,000	153,861	1,253,861
2019	-	128,705	128,705
2020	365,000	121,405	486,405
2021	390,000	106,305	496,305
2022	-	98,505	98,505
2023	425,000	89,580	514,580
2024	440,000	71,305	511,305
2025	455,000	52,173	507,173
2026	480,000	32,070	512,070
2027	<u>500,000</u>	<u>10,875</u>	<u>510,875</u>
Total	<u>\$ 4,480,000</u>	<u>\$ 1,051,926</u>	<u>\$ 5,531,926</u>

Paying agent: The Bank of New York Mellon Trust Company  
Principal payment date: December 1  
Interest payment dates: December 1 and June 1  
Interest rates: 3.50% - 5.00%

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**SCHEDULE OF DEBT CERTIFICATES OUTSTANDING**  
**JUNE 30, 2016**

**DECEMBER 8, 2009B SERIES ISSUE**

YEAR ENDED JUNE 30,	DEBT CERTIFICATES OUTSTANDING	INTEREST PAYABLE	TOTAL DEBT SERVICE
2017	\$ 2,980,000	\$ 446,080	\$ 3,426,080
2018	3,085,000	331,537	3,416,537
2019	3,170,000	205,603	3,375,603
2020	<u>3,290,000</u>	<u>69,913</u>	<u>3,359,913</u>
Total	<u>\$ 12,525,000</u>	<u>\$ 1,053,133</u>	<u>\$ 13,578,133</u>

Paying agent: The Bank of New York Mellon Trust Company

Principal payment date: December 1

Interest payment dates: December 1 and June 1

Interest rates: 3.25% - 4.25%

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

SCHEDULE OF BONDS OUTSTANDING

JUNE 30, 2016

**DECEMBER 1, 2011 SERIES ISSUE**

YEAR ENDED JUNE 30,	BONDS OUTSTANDING	INTEREST PAYABLE	TOTAL DEBT SERVICE
2017	\$ -	\$ 408,050	\$ 408,050
2018	-	408,050	408,050
2019	-	408,050	408,050
2020	-	408,050	408,050
2021	-	408,050	408,050
2022	-	408,050	408,050
2023	-	408,050	408,050
2024	-	408,050	408,050
2025	-	408,050	408,050
2026	-	408,050	408,050
2027	-	408,050	408,050
2028	-	408,050	408,050
2029	1,480,000	378,450	1,858,450
2030	3,735,000	274,150	4,009,150
2031	3,980,000	119,850	4,099,850
2032	805,000	20,125	825,125
Total	<u>\$ 10,000,000</u>	<u>\$ 5,689,175</u>	<u>\$ 15,689,175</u>

Paying agent: The Bank of New York Mellon Trust Company

Principal payment date: December 1

Interest payment dates: December 1 and June 1

Interest rates: 4.00% - 5.00%

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## SCHEDULE OF BONDS OUTSTANDING

JUNE 30, 2016

### FEBRUARY 9, 2012 SERIES ISSUE

YEAR ENDED JUNE 30,	BONDS OUTSTANDING	INTEREST PAYABLE	TOTAL DEBT SERVICE
2017	\$ -	\$ 282,050	\$ 282,050
2018	50,000	281,550	331,550
2019	110,000	279,950	389,950
2020	185,000	277,000	462,000
2021	255,000	272,600	527,600
2022	330,000	266,750	596,750
2023	390,000	259,550	649,550
2024	475,000	250,900	725,900
2025	565,000	237,675	802,675
2026	655,000	219,375	874,375
2027	760,000	198,150	958,150
2028	3,385,000	135,975	3,520,975
2029	2,090,000	53,850	2,143,850
2030	-	22,500	22,500
2031	-	22,500	22,500
2032	750,000	11,250	761,250
Total	<u>\$ 10,000,000</u>	<u>\$ 3,071,625</u>	<u>\$ 13,071,625</u>

Paying agent:

The Bank of New York Mellon Trust Company

Principal payment date:

December 1

Interest payment dates:

December 1 and June 1

Interest rates:

2.00% - 3.00%

## Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	94
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	106
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	112
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	117
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
<b>Operating Information</b>	121
These schedules contain information about the District's service and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014*	2013	2012
<b>Governmental activities</b>					
Net investment in capital assets	\$ 194,231,285	\$ 166,899,606	\$ 156,840,775	\$ 149,801,451	\$ 143,452,966
Restricted	30,158,326	32,239,885	34,666,424	32,117,448	26,146,726
Unrestricted	<u>104,188,681</u>	<u>116,438,926</u>	<u>129,790,721</u>	<u>121,761,485</u>	<u>111,882,355</u>
Total governmental activities net position	<u>\$ 328,578,292</u>	<u>\$ 315,578,417</u>	<u>\$ 321,297,920</u>	<u>\$ 303,680,384</u>	<u>\$ 281,482,047</u>

\* - Information for fiscal year 2014 and prior has not been updated for the District's implementation of GASB Statements 68 and 71 in fiscal year 2015.

2011	2010	2009	2008	2007
\$ 140,615,399	\$ 143,810,888	\$ 142,849,794	\$ 142,946,917	\$ 142,180,314
24,252,578	8,169,737	9,916,061	7,251,059	6,410,943
<u>96,586,301</u>	<u>98,018,778</u>	<u>78,806,479</u>	<u>66,039,578</u>	<u>57,123,562</u>
<u>\$ 261,454,278</u>	<u>\$ 249,999,403</u>	<u>\$ 231,572,334</u>	<u>\$ 216,237,554</u>	<u>\$ 205,714,819</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013
<b>Expenses</b>				
Instruction:				
Regular programs	\$ 78,739,560	\$ 77,280,127	\$ 75,570,712	\$ 73,087,729
Special programs	27,021,294	25,917,884	25,082,896	25,399,674
Other instructional programs	31,098,300	31,185,660	29,742,882	29,931,906
State retirement contributions	57,215,265	52,331,397	37,436,912	29,595,229
Support services:				
Pupils	19,273,332	19,913,260	19,100,946	19,415,670
Instructional staff	12,284,413	12,681,515	11,967,033	12,936,292
General administration	3,635,227	5,311,778	3,502,043	3,323,671
School administration	9,092,577	9,195,491	8,901,240	8,402,462
Business	5,955,870	6,208,197	6,284,153	6,249,003
Transportation	8,761,042	8,025,334	8,475,176	8,238,513
Operations and maintenance	28,489,587	33,143,420	31,318,611	29,447,362
Central	11,077,288	8,252,854	6,202,714	4,713,139
Other supporting services	126,661	124,921	103,344	146,613
Community services	199,960	161,296	196,839	560,875
Payments to other districts & gov't units - excluding special ed.	-	-	666,816	383,399
Interest and fees	2,254,236	2,403,791	2,539,415	2,708,489
<b>Total expenses</b>	<b>\$ 295,224,612</b>	<b>\$ 292,136,925</b>	<b>\$ 267,091,732</b>	<b>\$ 254,540,026</b>
<b>Program Revenues</b>				
Charges for services				
Instruction:				
Regular programs	\$ 5,919,894	\$ 8,717,887	\$ 10,231,865	\$ 6,176,613
Special programs	18,092	32,839	16,497	15,975
Other instructional programs	852,432	1,410,318	784,406	1,245,906
Support services:				
Business	3,683,773	3,422,479	3,298,347	3,300,488
Transportation	57,182	59,807	60,445	52,185
Operations and maintenance	1,210,425	1,161,601	1,050,375	848,308
Operating grants and contributions	72,599,664	69,299,204	54,633,244	47,285,372
Capital grants and contributions	178,544	453,214	1,093,062	7,242,035
<b>Total program revenues</b>	<b>\$ 84,520,006</b>	<b>\$ 84,557,349</b>	<b>\$ 71,168,241</b>	<b>\$ 66,166,882</b>
<b>Net (expense)/revenue</b>	<b>\$ (210,704,606)</b>	<b>\$ (207,579,576)</b>	<b>\$ (195,923,491)</b>	<b>\$ (188,373,144)</b>
<b>General revenues</b>				
Taxes:				
Real estate taxes, levied for general purposes	\$ 158,432,287	\$ 153,325,334	\$ 149,923,399	\$ 146,150,091
Real estate taxes, levied for specific purposes	46,561,768	45,667,968	44,815,715	43,842,921
Real estate taxes, levied for debt service	3,352,771	3,286,478	3,226,532	3,157,389
Personal property replacement taxes	6,100,843	7,635,261	7,102,447	7,020,987
State aid-formula grants	6,135,191	5,632,863	5,527,231	5,336,789
Investment earnings	956,136	519,217	524,773	659,956
Miscellaneous	2,165,485	1,705,661	2,420,930	4,403,348
<b>Total general revenues</b>	<b>\$ 223,704,481</b>	<b>\$ 217,772,782</b>	<b>\$ 213,541,027</b>	<b>\$ 210,571,481</b>
<b>Change in net position</b>	<b>\$ 12,999,875</b>	<b>\$ 10,193,206</b>	<b>\$ 17,617,536</b>	<b>\$ 22,198,337</b>

	2012	2011	2010	2009	2008	2007
\$	67,928,717	\$ 68,614,203	\$ 65,075,770	\$ 61,615,759	\$ 63,615,319	\$ 57,780,276
	26,452,549	26,221,052	26,139,159	23,562,324	22,337,773	22,329,559
	29,028,427	28,977,620	28,271,869	28,507,020	24,713,348	24,335,733
	25,187,770	22,917,251	22,491,697	16,159,820	12,249,873	8,409,614
	18,416,007	18,192,525	17,571,776	12,292,577	16,060,732	15,099,246
	12,955,084	12,258,991	12,525,285	12,612,095	13,083,162	12,065,656
	3,903,002	3,916,926	3,484,891	5,569,400	1,701,851	2,089,490
	8,342,974	8,307,496	7,762,723	8,871,845	10,359,169	9,049,098
	6,305,129	6,523,730	6,444,855	5,875,512	5,787,139	5,716,021
	8,066,021	7,946,038	7,698,274	7,159,433	6,960,178	7,469,353
	29,542,774	27,884,227	27,812,170	27,057,181	24,937,466	25,503,946
	5,986,609	4,955,425	5,780,280	4,907,179	7,217,346	9,107,098
	143,711	144,948	209,782	23,656	23,651	278,634
	469,278	274,212	328,853	250,161	235,013	165,568
	92,314	141,949	81,069	-	-	-
	2,334,220	2,167,295	1,667,583	1,490,558	1,363,934	566,872
<b>\$</b>	<b>245,154,586</b>	<b>\$ 239,443,888</b>	<b>\$ 233,346,036</b>	<b>\$ 215,954,520</b>	<b>\$ 210,645,954</b>	<b>\$ 199,966,164</b>
\$	5,603,711	\$ 5,125,132	\$ 4,674,395	\$ 4,308,598	\$ 3,403,479	\$ 2,703,670
	722,009	728,527	755,705	662,796	2,114,551	1,008,566
	685,322	1,300,473	1,683,585	1,591,910	852,380	672,011
	3,649,496	3,684,286	3,894,604	3,803,676	3,773,306	3,867,549
	31,925	50,993	31,895	65,544	66,920	63,119
	684,601	800,791	557,276	606,610	617,318	465,037
	41,164,774	40,422,637	39,889,779	32,024,852	23,898,921	20,160,672
	6,852,275	375,480	147,003	-	-	-
<b>\$</b>	<b>59,394,113</b>	<b>\$ 52,488,319</b>	<b>\$ 51,634,242</b>	<b>\$ 43,063,986</b>	<b>\$ 34,726,875</b>	<b>\$ 28,940,624</b>
<b>\$</b>	<b>(185,760,473)</b>	<b>\$ (186,955,569)</b>	<b>\$ (181,711,794)</b>	<b>\$ (172,890,534)</b>	<b>\$ (175,919,079)</b>	<b>\$ (171,025,540)</b>
\$	145,705,795	\$ 138,200,783	\$ 141,956,691	\$ 130,267,666	\$ 124,422,782	\$ 122,104,790
	41,406,820	41,495,386	44,332,953	41,765,644	40,560,027	36,822,570
	3,109,787	3,120,353	1,483,544	1,542,846	2,852,734	3,056,036
	6,871,529	7,469,617	5,759,954	7,119,915	8,139,182	7,611,175
	5,294,903	5,178,089	4,015,189	3,720,622	4,607,349	4,369,570
	812,239	910,390	1,377,364	2,886,286	4,022,273	5,206,301
	2,587,169	2,035,826	1,213,168	922,335	1,837,467	4,276,266
<b>\$</b>	<b>205,788,242</b>	<b>\$ 198,410,444</b>	<b>\$ 200,138,863</b>	<b>\$ 188,225,314</b>	<b>\$ 186,441,814</b>	<b>\$ 183,446,708</b>
<b>\$</b>	<b>20,027,769</b>	<b>\$ 11,454,875</b>	<b>\$ 18,427,069</b>	<b>\$ 15,334,780</b>	<b>\$ 10,522,735</b>	<b>\$ 12,421,168</b>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	607,611	570,430	294,204	262,753
Restricted	-	-	-	-
Committed	2,052,362	2,041,384	2,035,365	2,030,768
Assigned	-	-	-	-
Unassigned	<u>97,027,732</u>	<u>121,693,275</u>	<u>119,411,066</u>	<u>111,344,593</u>
Total general fund	<u>\$ 99,687,705</u>	<u>\$ 124,305,089</u>	<u>\$ 121,740,635</u>	<u>\$ 113,638,114</u>
<b>All other governmental funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Restricted				
Special revenue funds	35,631,346	34,679,099	34,391,982	31,478,028
Debt service fund	568,774	435,873	483,479	594,316
Capital projects funds	-	2,527,564	12,329,522	25,976,032
Assigned				
Special revenue funds	13,263,970	11,438,524	9,834,371	8,333,851
Debt service fund	233,860	227,880	223,975	221,519
Capital projects funds	<u>12,767,865</u>	<u>2,662,940</u>	<u>2,621,111</u>	<u>2,916,196</u>
Total all other governmental funds	<u>\$ 62,465,815</u>	<u>\$ 51,971,880</u>	<u>\$ 59,884,440</u>	<u>\$ 69,519,942</u>

NOTE: In 2011, the District implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of this accounting principle required the Educational Fund, Tort Fund and Working Cash Fund to be consolidated into the General Fund. Additional fund balance classifications were also implemented to remain in compliance with the reporting requirements of GASB 54. Fiscal years prior to 2011 were not adjusted for the affects of implementing GASB 54.

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ 4,071,980	\$ 3,182,462
-	-	31,074,145	20,928,348	12,474,606	7,054,287
278,745	303,417	-	-	-	-
-	660,298	-	-	-	-
2,023,156	2,017,087	-	-	-	-
-	-	-	-	-	-
<u>104,594,580</u>	<u>95,101,509</u>	<u>31,074,145</u>	<u>20,928,348</u>	<u>12,474,606</u>	<u>7,054,287</u>
<u>\$ 106,896,481</u>	<u>\$ 98,082,311</u>	<u>\$ 31,074,145</u>	<u>\$ 20,928,348</u>	<u>\$ 16,546,586</u>	<u>\$ 10,236,749</u>
\$ -	\$ -	\$ 3,998,174	\$ 3,127,922	\$ 3,306,474	\$ -
-	-	79,888,669	74,968,275	66,680,202	62,321,427
-	-	763,138	2,381,179	1,053,907	1,434,388
-	-	36,368,957	9,440,661	6,489,185	14,633,507
25,433,519	22,415,384	-	-	-	-
609,774	1,054,527	-	-	-	-
28,549,769	26,944,591	-	-	-	-
7,061,778	6,645,200	-	-	-	-
214,915	204,610	-	-	-	-
2,933,146	829,871	-	-	-	-
<u>\$ 64,802,901</u>	<u>\$ 58,094,183</u>	<u>\$ 121,018,938</u>	<u>\$ 89,918,037</u>	<u>\$ 77,529,768</u>	<u>\$ 78,389,322</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**GOVERNMENTAL FUNDS REVENUES**  
 LAST TEN FISCAL YEARS

	2016	2015	2014	2013
<b>Local Sources</b>				
Property taxes	\$ 208,346,826	\$ 202,279,780	\$ 197,965,646	\$ 193,150,401
Replacement taxes	6,100,843	7,635,261	7,102,447	7,020,987
Tuition	3,854,548	4,711,559	4,560,066	4,361,676
Earnings on investments	1,118,447	537,134	430,154	816,425
Other local sources	<u>11,602,735</u>	<u>10,960,727</u>	<u>14,711,246</u>	<u>12,048,266</u>
Total local sources	<u>231,023,399</u>	<u>226,124,461</u>	<u>224,769,559</u>	<u>217,397,755</u>
<b>State sources</b>				
General state aid	6,135,191	5,632,863	5,527,231	5,336,789
Other state aid	<u>63,928,896</u>	<u>63,728,168</u>	<u>48,527,971</u>	<u>41,659,778</u>
Total state sources	<u>70,064,087</u>	<u>69,361,031</u>	<u>54,055,202</u>	<u>46,996,567</u>
<b>Federal sources</b>				
	<u>5,550,020</u>	<u>6,535,849</u>	<u>6,857,611</u>	<u>17,671,583</u>
Total	<u>\$ 306,637,506</u>	<u>\$ 302,021,341</u>	<u>\$ 285,682,372</u>	<u>\$ 282,065,905</u>

2012	2011	2010	2009	2008	2007
\$ 190,222,402	\$ 182,816,522	\$ 187,773,188	\$ 173,258,286	\$ 167,835,543	\$ 161,983,396
6,871,529	7,469,617	5,759,954	7,119,915	8,139,182	7,611,175
4,854,895	4,805,453	4,490,082	4,096,220	3,849,001	1,636,482
642,634	1,036,813	1,225,628	3,045,716	4,053,802	5,240,552
<u>9,239,992</u>	<u>9,251,478</u>	<u>8,651,449</u>	<u>8,183,119</u>	<u>8,816,420</u>	<u>11,419,736</u>
<u>211,831,452</u>	<u>205,379,883</u>	<u>207,900,301</u>	<u>195,703,256</u>	<u>192,693,948</u>	<u>187,891,341</u>
5,294,903	5,178,089	4,015,189	3,720,622	4,607,349	4,369,570
<u>35,785,019</u>	<u>32,721,052</u>	<u>28,723,291</u>	<u>25,938,780</u>	<u>20,877,713</u>	<u>16,617,712</u>
<u>41,079,922</u>	<u>37,899,141</u>	<u>32,738,480</u>	<u>29,659,402</u>	<u>25,485,062</u>	<u>20,987,282</u>
<u>6,182,688</u>	<u>8,325,230</u>	<u>8,557,105</u>	<u>6,086,072</u>	<u>3,021,208</u>	<u>3,542,960</u>
<u>\$ 259,094,062</u>	<u>\$ 251,604,254</u>	<u>\$ 249,195,886</u>	<u>\$ 231,448,730</u>	<u>\$ 221,200,218</u>	<u>\$ 212,421,583</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013
<b>Current:</b>				
Instruction				
Regular programs	\$ 78,084,366	\$ 76,417,214	\$ 74,534,419	\$ 72,610,898
Special programs	21,615,774	24,951,792	25,023,100	25,459,780
Other instructional programs	30,760,122	30,678,342	29,584,734	29,828,430
State retirement contributions	<u>57,215,265</u>	<u>52,331,397</u>	<u>37,436,912</u>	<u>29,595,229</u>
Total instruction	<u>187,675,527</u>	<u>184,378,745</u>	<u>166,579,165</u>	<u>157,494,337</u>
Supporting Services				
Pupils	19,189,694	19,393,540	19,071,570	19,429,206
Instructional staff	12,218,251	12,277,794	11,955,395	12,943,331
General administration	3,612,174	5,231,431	3,473,673	3,306,025
School administration	9,060,217	8,785,388	8,819,163	8,470,752
Business	5,883,043	5,960,487	6,277,251	6,253,769
Transportation	8,566,815	8,025,540	8,299,942	8,040,165
Operations and maintenance	22,089,780	24,682,628	23,657,520	24,089,306
Central	10,078,271	7,274,245	5,794,878	4,548,618
Other supporting services	<u>122,344</u>	<u>115,314</u>	<u>104,069</u>	<u>147,058</u>
Total supporting services	<u>90,820,589</u>	<u>91,746,367</u>	<u>87,453,461</u>	<u>87,228,230</u>
Community services	<u>185,913</u>	<u>148,434</u>	<u>188,350</u>	<u>551,230</u>
Payments to other gov't units	<u>5,093,804</u>	<u>657,848</u>	<u>666,816</u>	<u>383,399</u>
Total current	<u>283,775,833</u>	<u>276,931,394</u>	<u>254,887,792</u>	<u>245,657,196</u>
<b>Other:</b>				
Debt service:				
Principal	4,572,295	4,852,745	4,771,727	4,697,686
Interest and other	2,264,400	2,413,373	2,548,027	2,666,152
Capital outlay	<u>30,533,527</u>	<u>23,465,149</u>	<u>25,007,807</u>	<u>17,586,197</u>
Total Other	<u>37,370,222</u>	<u>30,731,267</u>	<u>32,327,561</u>	<u>24,950,035</u>
Total	<u>\$ 321,146,055</u>	<u>\$ 307,662,661</u>	<u>\$ 287,215,353</u>	<u>\$ 270,607,231</u>
<b>Debt service as a percentage of noncapital expenditures</b>	2.35%	2.49%	2.79%	2.91%

2012	2011	2010	2009	2008	2007
\$ 67,173,332	\$ 66,177,511	\$ 64,728,072	\$ 60,810,937	\$ 59,831,402	\$ 56,364,384
26,392,068	26,001,428	26,016,546	23,492,851	22,267,671	22,420,925
28,865,512	28,524,216	28,062,396	28,314,324	24,458,764	23,726,956
25,187,770	22,917,251	22,491,697	16,159,820	12,249,873	8,409,614
<u>147,618,682</u>	<u>143,620,406</u>	<u>141,298,711</u>	<u>128,777,932</u>	<u>118,807,710</u>	<u>110,921,879</u>
18,343,989	17,906,511	17,367,988	12,240,855	16,019,124	15,251,950
12,874,152	12,338,461	12,410,618	12,551,309	13,007,863	12,106,544
3,877,676	3,880,806	3,474,769	5,556,016	1,675,116	2,075,341
8,408,629	7,876,573	7,532,010	8,913,839	9,978,323	9,275,199
6,289,403	6,466,553	6,416,065	5,869,935	5,780,079	5,688,697
7,859,288	7,741,098	7,493,334	7,079,652	6,887,046	7,209,673
23,980,647	21,865,424	22,732,744	21,800,353	21,628,459	21,285,443
5,369,244	4,721,208	5,361,048	4,931,290	7,190,113	7,559,015
142,854	142,859	510,404	23,654	23,649	278,641
<u>87,145,882</u>	<u>82,939,493</u>	<u>83,298,980</u>	<u>78,966,903</u>	<u>82,189,772</u>	<u>80,730,503</u>
<u>424,448</u>	<u>274,212</u>	<u>328,519</u>	<u>249,923</u>	<u>202,651</u>	<u>162,258</u>
<u>92,314</u>	<u>141,949</u>	<u>81,069</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>235,281,326</u>	<u>226,976,060</u>	<u>225,007,279</u>	<u>207,994,758</u>	<u>201,200,133</u>	<u>191,814,640</u>
4,820,889	4,677,946	2,165,022	2,273,884	2,711,042	3,101,539
2,885,542	2,168,211	1,803,891	1,597,825	1,201,899	383,136
21,129,003	13,960,663	10,133,420	7,998,395	11,691,405	10,416,720
<u>28,835,434</u>	<u>20,806,820</u>	<u>14,102,333</u>	<u>11,870,104</u>	<u>15,604,346</u>	<u>13,901,395</u>
<u>\$ 264,116,760</u>	<u>\$ 247,782,880</u>	<u>\$ 239,109,612</u>	<u>\$ 219,864,862</u>	<u>\$ 216,804,479</u>	<u>\$ 205,716,035</u>
3.17%	2.93%	1.73%	1.83%	1.91%	1.78%

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012
<b>Excess of revenues over (under) expenditures</b>	\$ (14,508,549)	\$ (5,641,320)	\$ (1,532,981)	\$ 11,458,674	\$ (5,022,698)
<b>Other financing sources (uses)</b>					
Principal on bonds/certificates sold	-	-	-	-	20,000,000
Premium on bonds/certificates sold	-	-	-	-	545,586
Payments to escrow agent	-	-	-	-	-
Capital lease value	385,100	293,214	-	-	-
Transfers in	32,638,281	14,125,610	3,752,140	3,934,084	23,378,891
Transfers out	<u>(32,638,281)</u>	<u>(14,125,610)</u>	<u>(3,752,140)</u>	<u>(3,934,084)</u>	<u>(23,378,891)</u>
Total	<u>385,100</u>	<u>293,214</u>	<u>-</u>	<u>-</u>	<u>20,545,586</u>
<b>Net change in fund balances</b>	<u>\$ (14,123,449)</u>	<u>\$ (5,348,106)</u>	<u>\$ (1,532,981)</u>	<u>\$ 11,458,674</u>	<u>\$ 15,522,888</u>

2011	2010	2009	2008	2007
\$ 3,821,374	\$ 10,086,274	\$ 11,583,868	\$ 4,395,739	\$ 6,705,548
-	31,785,000	11,950,000	-	18,365,000
-	75,424	172,361	-	741,704
-	(1,500,000)	(6,936,198)	-	(2,765,920)
262,037	800,000	-	1,054,544	-
3,921,354	665,415	21,816,401	2,000,000	3,050,000
<u>(3,921,354)</u>	<u>(665,415)</u>	<u>(21,816,401)</u>	<u>(2,000,000)</u>	<u>(3,050,000)</u>
<u>262,037</u>	<u>31,160,424</u>	<u>5,186,163</u>	<u>1,054,544</u>	<u>16,340,784</u>
<u>\$ 4,083,411</u>	<u>\$ 41,246,698</u>	<u>\$ 16,770,031</u>	<u>\$ 5,450,283</u>	<u>\$ 23,046,332</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN LEVY YEARS**

LEVY YEAR	ASSESSED VALUATION			
	RESIDENTIAL	FARMS	COMMERCIAL	INDUSTRIAL
2015	\$ 4,443,829,971	\$ 87,051	\$ 1,517,212,307	\$ 1,396,497,428
2014	4,567,531,478	165,101	1,556,751,477	1,418,539,598
2013	4,330,742,614	53,051	1,486,378,374	1,600,436,424
2012	5,244,899,906	54,096	1,576,009,667	1,831,122,170
2011	5,727,292,983	54,096	1,695,720,830	1,995,172,982
2010	6,153,159,869	54,096	1,961,303,588	2,286,110,174
2009	6,784,979,240	68,890	2,153,838,942	2,409,733,226
2008	6,278,244,601	110,230	2,353,579,630	2,781,863,022
2007	5,773,627,767	110,230	2,348,978,378	2,719,989,832
2006	4,884,380,019	110,230	2,073,357,008	2,370,430,429

**Source:** Cook County Clerk's Office

**Note:** The county assesses property at approximately 33.3% of actual value for all types of real property. Estimated actual value is calculated by dividing assessed value by that percentage. Tax rates are per \$100 of assessed value.

RAILROAD	TOTAL ASSESSED VALUE	TOTAL DIRECT RATE	ESTIMATED ACTUAL VALUE
\$ 6,859,236	\$ 7,364,485,993	\$ 2.8810	\$ 22,093,457,979
5,687,937	7,548,675,591	2.7760	22,646,026,773
5,251,435	7,422,861,898	2.7680	22,268,585,694
4,447,858	8,656,533,697	2.3234	25,969,601,091
4,780,891	9,423,021,782	2.0661	28,269,065,346
4,737,784	10,405,365,511	1.8382	31,216,096,533
3,847,560	11,352,467,858	1.6351	34,057,403,574
3,556,831	11,417,354,314	1.5860	34,252,062,942
3,072,214	10,845,778,421	1.6205	32,537,335,263
2,679,897	9,330,957,583	1.8229	27,992,872,749

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN TAX LEVY YEARS**

	2015	2014	2013	2012	2011
<b>District direct rates</b>					
Educational	\$ 2.1786	\$ 2.0923	\$ 2.0829	\$ 1.7480	\$ 1.5520
Tort immunity	0.0000	0.0000	0.0000	0.0000	0.0000
Operations and maintenance	0.4345	0.4173	0.4244	0.3466	0.3078
Special education	0.0163	0.0132	0.0135	0.0116	0.0101
Bond and interest	0.0000	0.0000	0.0000	0.0379	0.0338
Limited Bonds	0.0460	0.0449	0.0450	--	--
Transportation	0.0883	0.0927	0.1010	0.0866	0.0775
Life safety	0.0000	0.0000	0.0000	0.0000	0.0000
Working cash	0.0000	0.0000	0.0000	0.0002	0.0000
Illinois municipal retirement	0.0597	0.0609	0.0539	0.0347	0.0318
Social security	<u>0.0570</u>	<u>0.0543</u>	<u>0.0472</u>	<u>0.0578</u>	<u>0.0531</u>
Total direct	<u>2.8804</u>	<u>2.7756</u>	<u>2.7679</u>	<u>2.3234</u>	<u>2.0661</u>
<b>Overlapping rates</b>					
County of Cook	0.5520	0.5680	0.5600	0.5310	0.4620
Forest Preserve District	0.0690	0.0690	0.0690	0.0630	0.0580
Suburban TB Sanitarium	0.0000	0.0000	0.0000	0.0000	0.0000
Consolidated Elections	0.0340	0.0000	0.0310	0.0000	0.0250
Metropolitan Water Reclamation District	0.4260	0.4300	0.4170	0.3700	0.3200
Elk Grove Township	0.0780	0.0760	0.0770	0.0640	0.0560
Elk Grove Township Road & Bridge	0.0180	0.0180	0.0170	0.0140	0.0130
Elk Grove Township General Assistance	0.0170	0.0170	0.0170	0.0140	0.0120
NW Mosquito Abatement District	0.0110	0.0130	0.0130	0.0110	0.0100
Village of Elk Grove Village	1.0150	0.9510	0.9650	0.8460	0.7500
Elk Grove Village Library Fund	0.3500	0.3350	0.3410	0.3010	0.2650
Elk Grove Park District	0.8270	0.8100	0.8050	0.7110	0.6340
School District No. 59	3.2910	3.1760	3.1720	2.6730	2.4220
Community College District No. 512	<u>0.4660</u>	<u>0.4510</u>	<u>0.4440</u>	<u>0.3730</u>	<u>0.3340</u>
Total overlapping rate	<u>7.1540</u>	<u>6.9140</u>	<u>6.9280</u>	<u>5.9710</u>	<u>5.3610</u>
Total direct and overlapping rate	<u>\$10.0344</u>	<u>\$9.6896</u>	<u>\$9.6959</u>	<u>\$8.2944</u>	<u>\$7.4271</u>

**Source:** Rates Published by the Cook County Clerk

**Note:** Tax rates are per \$100 of assessed value.

**Note:** The District is limited in its ability to raise its direct rates due to cap legislation.

2010	2009	2008	2007	2006
\$ 1.3978	\$ 1.2254	\$ 1.1982	\$ 1.1919	\$ 1.3468
0.0000	0.0000	0.0079	0.0350	0.0375
0.2595	0.2563	0.2546	0.2508	0.2808
0.0091	0.0084	0.0079	0.0078	0.0086
0.0301	0.0269	0.0000	0.0281	0.0326
--	--	--	--	--
0.0610	0.0493	0.0483	0.0479	0.0514
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0079	0.0000	0.0008
0.0509	0.0344	0.0307	0.0295	0.0322
<u>0.0298</u>	<u>0.0344</u>	<u>0.0307</u>	<u>0.0295</u>	<u>0.0322</u>
<u>1.8382</u>	<u>1.6351</u>	<u>1.5862</u>	<u>1.6205</u>	<u>1.8229</u>
0.4230	0.3940	0.4150	0.4460	0.5000
0.0510	0.0490	0.0510	0.0530	0.0570
0.0000	0.0000	0.0000	0.0000	0.0050
0.0000	0.0210	0.0000	0.0120	0.0000
0.2740	0.2610	0.2520	0.2630	0.2840
0.0490	0.0440	0.0410	0.0400	0.0440
0.0110	0.0100	0.0090	0.0090	0.0090
0.0110	0.0100	0.0090	0.0080	0.0090
0.0090	0.0080	0.0080	0.0080	0.0090
0.6460	0.5460	0.4890	0.4910	0.5070
0.2520	0.2030	0.1680	0.1670	0.1870
0.5630	0.5240	0.4900	0.4910	0.5500
2.1290	1.9450	1.8100	1.7910	2.0130
<u>0.2580</u>	<u>0.2580</u>	<u>0.2560</u>	<u>0.2600</u>	<u>0.2880</u>
<u>4.6760</u>	<u>4.2710</u>	<u>4.0020</u>	<u>4.0670</u>	<u>4.4550</u>
<u>\$6.5142</u>	<u>\$5.9061</u>	<u>\$5.5882</u>	<u>\$5.6875</u>	<u>\$6.2779</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT**  
FOR CURRENT YEAR AND EIGHT YEARS AGO

TAXPAYER	2015 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2015 EQUALIZED ASSESSED VALUATION
Crane And Norcross	\$ 46,342,660	0.63%
Walmart Stores Inc	36,900,301	0.50%
Luther Village	30,664,404	0.42%
WSC ASPCT Holding SVII	28,088,321	0.38%
Tarantula Ventures Llc	25,089,112	0.34%
YPI 1600, Arlington and Kensington	24,758,989	0.34%
United Airlines Inc	23,381,764	0.32%
DLC Management Corp	21,171,001	0.29%
New Plan Excel Prop Tr	20,753,581	0.28%
Regent OHare LLC	20,040,389	0.27%
	<u>\$ 277,190,522</u>	<u>3.76%</u>

Taxpayer	2007 EQUALIZED ASSESSED VALUATION	PERCENTAGE OF TOTAL 2007 EQUALIZED ASSESSED VALUATION
Prime Group Realty	\$ 67,565,342	0.62%
Wal-Mart Stores	61,876,572	0.57%
Luther Village	49,338,409	0.45%
United Airlines	49,132,144	0.45%
New Plan Excel	47,112,104	0.43%
Motorola	43,531,486	0.40%
Crane & Norcross	40,672,548	0.38%
Visconsi Companies	30,027,554	0.28%
Midco Wheeling Inc.	29,770,241	0.27%
Arlington Park Racetrack	29,471,222	0.27%
Total	<u>\$ 448,497,622</u>	<u>4.14%</u>

**Source:** Cook County Clerk's Office

Every reasonable effort has been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, have multiple parcels and it is possible that some smaller parcels and their valuations may not be included.

**Note:** The principal property tax payers in the District from nine years ago are not available, most recent available data was utilized.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 LAST TEN LEVY YEARS

LEVY YEAR	TAXES LEVIED FOR THE LEVY YEAR	COLLECTED WITHIN THE		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		FISCAL YEAR OF THE LEVY AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2015	\$ 212,128,300	\$ 109,502,630	51.6%	\$ -	\$ 109,502,630	51.6%
2014	209,528,716	105,676,548	50.4%	98,351,260	204,027,808	97.4%
2013	205,449,414	104,197,038	50.7%	95,977,406	200,174,444	97.4%
2012	201,107,855	102,168,214	50.8%	93,929,278	196,097,492	97.5%
2011	194,744,150	100,041,793	51.4%	90,842,398	190,884,191	98.0%
2010	191,319,398	97,024,546	50.7%	92,365,966	189,390,512	99.0%
2009	186,127,226	93,941,844	50.5%	90,967,651	184,909,495	99.3%
2008	181,193,412	83,156,857	45.9%	95,662,659	178,819,516	98.7%
2007	175,754,211	80,206,653	45.6%	92,398,013	172,604,666	98.2%
2006	170,044,956	78,361,972	46.1%	88,826,763	167,188,735	98.3%

Source: Cook County Clerk and 2007-2016 financial statements.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

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YEAR	GENERAL OBLIGATION BONDS	AVAILABLE IN THE DEBT SERVICE FUND	NET GENERAL BONDED DEBT	CAPITAL LEASES	DEBT CERTIFICATES
2016	\$ 41,305,000	\$ (802,634)	\$ 40,502,366	\$ 382,292	\$ 12,525,000
2015	42,800,000	(663,753)	42,136,247	189,487	15,410,000
2014	44,695,000	(707,454)	43,987,546	54,018	18,210,000
2013	46,530,000	(815,835)	45,714,165	265,745	20,935,000
2012	48,305,000	(824,689)	47,480,311	523,431	23,600,000
2011	30,020,000	(1,259,137)	28,760,863	1,014,320	26,215,000
2010	31,645,000	(763,138)	30,881,862	1,235,229	28,785,000
2009	31,685,000	(2,381,179)	29,303,821	1,060,251	-
2008	28,267,810	(1,053,907)	27,213,903	1,644,135	-
2007	30,181,235	(1,434,388)	28,746,847	1,165,633	-

**Source:** Cook County Clerk's Office and 2007-2016 financial statements.

**Note:** General obligation bonds include capital appreciation bonds.

**Note:** Personal income information was not available. Therefore, District used estimated actual value of taxable property for ratio instead.

**Note:** The estimated value of taxable property for the 2015 tax year was not available at the time of this report.

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TOTAL OUTSTANDING DEBT	PERCENTAGE OF NET GENERAL BONDED DEBT TO ESTIMATED ACTUAL VALUE OF PROPERTY	TOTAL OUTSTANDING DEBT PER CAPITA
\$ 53,409,658	N/A	146
57,735,734	0.26%	149
62,251,564	0.27%	161
66,914,910	0.21%	237
71,603,742	0.28%	254
55,990,183	0.20%	199
60,902,091	0.18%	216
30,364,072	0.09%	108
28,858,038	0.10%	112
29,912,480	0.11%	66

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
AS OF JUNE 30, 2016

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
<b>Overlapping debt:</b>			
Cook County	3,362,051,750	5.559%	\$186,901,506
Cook County Forest Preserve	116,060,000 (1)	5.559%	6,451,950
Metropolitan Water Reclamation District	2,629,938,991 (2)	5.661%	148,892,263
<b>Municipalities:</b>			
Village of Arlington Heights	66,955,000 (3)	98.645%	66,047,429
Village of Buffalo Grove	16,165,000	18.775%	3,034,907
City of Des Plaines	560,000 (3)	16.711%	93,582
Village of Elk Grove Village	76,260,000	76.293%	58,180,838
Village of Mount Prospect	45,605,000	99.777%	45,503,103
Village of Northbrook	113,205,000	1.013%	1,146,379
Village of Palatine	88,287,180	0.080%	70,855
City of Prospect Heights	12,405,000 (5)	95.639%	11,863,957
City of Rolling Meadows	10,020,000	60.406%	6,052,727
Village of Wheeling	49,165,000	99.393%	48,866,657
<b>Miscellaneous:</b>			
Prospect Hts. Spec. Serv. Area 6	2,130,000	100.000%	2,130,000
<b>Park Districts:</b>			
Arlington Heights Park District	22,970,000 (5)	99.940%	22,956,280
Buffalo Grove Park District	8,035,000 (1)	21.699%	1,743,527
Des Plaines Park District	5,063,000	1.708%	86,470
Elk Grove Park District	8,310,000	83.597%	6,946,875
Mt. Prospect Park District	6,910,000 (1)	100.000%	6,910,000
Northbrook Park District	7,675,000	0.972%	74,587
Prospect Heights Park District	565,910 (1)	9.861%	55,802
River Trails Park District	825,725 (1)	94.835%	783,074
Rolling Meadows Park District	3,255,000	73.848%	2,403,747
Salt Creek Rural Park District	664,000 (1)	28.496%	189,215
Wheeling Park District	1,300,000 (1)	92.229%	1,198,974
<b>School Districts:</b>			
School District 15	34,080,549 (4)	14.041%	4,785,250
School District 21	40,805,000	100.000%	40,805,004
School District 23	9,180,000	100.000%	9,180,000
School District 25	16,775,000	100.000%	16,775,000
School District 26	10,000,000	92.035%	9,203,510
School District 57	6,675,000	100.000%	6,675,000
School District 59	18,005,000	100.000%	18,005,000
Harper Community College 512	158,810,000	48.532%	77,074,156
Oakton Community College 535	33,175,000 (5)	2.860%	<u>948,923</u>
Total Overlapping Debt			<u>812,036,546</u>
<b>Direct debt:</b>			
<b>Township High School District 214</b>	41,305,000 (5)	100.000%	<u>41,305,000</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT</b>			<u><b>\$853,341,546</b></u>

(1) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid by sources other than general taxation.

(2) Includes IEPA Revolving Loan Fund Bonds

(3) Excludes self-supporting bonds and/or Tax Increment Bonds

(4) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

(5) Excludes outstanding Debt Certificates

Sources: Offices of the Cook County Clerk, Comptroller and Metropolitan Water Reclamation Treasurer

NOTE: Percent applicable to School District calculated using assessed valuation of the School District area value contained within the noted governmental unit divided by equalized assessed valuation of the governmental unit.

Overlapping governments with no outstanding debt are not reflected.

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

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**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed Valuation	\$ 7,364,485,993
Debt Limit - 6.9% of Assessed Valuation	\$ 508,149,534
Debt Subject to 6.9% Limit	<u>54,212,292</u>
Total Debt Margin	<u>\$ 453,937,242</u>

	2016	2015	2014	2013
Debt Limit	\$ 508,149,534	\$ 520,858,616	\$ 512,177,471	\$ 597,300,825
Total Net Debt Applicable to Limit	<u>54,212,292</u>	<u>58,399,486</u>	<u>52,959,018</u>	<u>67,730,745</u>
Legal Debt Margin	<u>\$ 453,937,242</u>	<u>\$ 462,459,130</u>	<u>\$ 459,218,453</u>	<u>\$ 529,570,080</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11%	11%	10%	11%

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<b>Fiscal Year</b>					
2012	2011	2010	2009	2008	2007
\$ 650,188,503	\$ 783,320,282	\$ 787,797,448	\$ 748,358,711	\$ 748,358,711	\$ 636,744,943
<u>72,428,431</u>	<u>57,249,320</u>	<u>61,665,229</u>	<u>32,745,251</u>	<u>28,283,749</u>	<u>29,665,053</u>
<u>\$ 577,760,072</u>	<u>\$ 726,070,962</u>	<u>\$ 726,132,219</u>	<u>\$ 715,613,460</u>	<u>\$ 720,074,962</u>	<u>\$ 607,079,890</u>
11%	7%	8%	4%	4%	5%

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

NAME OF ENTITY	2000	2010	Estimated 2015	% CHANGE 2010/2015
<b>POPULATION:</b>				
<b>County</b>				
Cook County	5,376,741	5,194,675	5,238,216	0.84%
<b>Municipalities</b>				
Village of Arlington Heights	76,031	75,101	75,926	1.10%
Village of Buffalo Grove	42,909	41,496	41,503	0.02%
City of Des Plaines	58,720	58,364	58,677	0.54%
Elk Grove Village	34,727	33,127	33,238	0.34%
Village of Mount Prospect	56,265	54,167	54,747	1.07%
Village of Northbrook	33,435	33,173	33,663	1.48%
Village of Palatine	65,479	68,555	69,308	1.10%
City of Prospect Heights	17,081	16,256	16,386	0.80%
City of Rolling Meadows	24,604	24,099	24,190	0.38%
Village of Wheeling	34,496	37,648	38,079	1.14%
<b>Miscellaneous</b>				
State of Illinois	12,419,293	12,830,632	12,859,995	0.23%

NAME OF ENTITY	2000	2010	2015	% CHANGE 2010-2015
<b>UNEMPLOYMENT RATE:</b>				
<b>County</b>				
Cook County	4.8%	10.5%	6.1%	-41.90%
<b>Municipalities</b>				
Village of Arlington Heights	3.3%	7.4%	4.3%	-41.89%
Village of Buffalo Grove	2.9%	8.0%	4.5%	-43.75%
City of Des Plaines	4.8%	10.2%	5.1%	-50.00%
Elk Grove Village	3.3%	8.5%	5.0%	-41.18%
Village of Mount Prospect	3.3%	7.8%	4.3%	-44.87%
Village of Northbrook	2.1%	6.7%	4.3%	-35.82%
Village of Palatine	3.5%	8.5%	4.8%	-43.53%
City of Prospect Heights	3.2%	8.4%	4.8%	-42.86%
City of Rolling Meadows	3.2%	8.4%	4.8%	-42.86%
Village of Wheeling	3.5%	8.5%	4.7%	-44.71%
<b>Miscellaneous</b>				
State of Illinois	4.5%	10.4%	5.9%	-43.27%

SOURCE OF INFORMATION: U.S. Census Bureau and Illinois Department of Employment Security

**TOWNSHIP HIGH SCHOOL DISTRICT 214**

**PRINCIPAL EMPLOYERS**

CURRENT YEAR AND SIX YEARS AGO

		2015	
EMPLOYER		EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT*
Northwest Community Hospital	Hospital	4,000	3.1%
Alexian Bros. Medical Center	Hospital & Medical Center	3,000	2.4%
Durable Packaging International, Inc.	Aluminum Foil & Plastic Products	2,000	1.6%
Northrop Grumman Corp.	Land & Self Protection Systems Division	1,900	1.5%
Siemens Building Technologies	Building Control Systems	1,800	1.4%
Arlington Heights High School District 214	Public High Schools	1,670	1.3%
ADP	Data Processing & Payroll Services	1,500	1.2%
UOP, LLC (Division HQ)	Research & Development for the Petroleum Industry	1,500	1.2%
I.S.I.	Management Consulting	1,200	0.9%
Holy Family Medical Center	Hospital	1,036	0.8%
Oakton Community College	Public 2 Year College	990	0.8%
CVS Caremark	Wholesale Specialty Pharmaceutical Products	850	0.7%
Arlington International Race Track	Recreation	845	0.7%
School District 25	Public Schools - Grades K-8	842	0.7%
Handi-Foil Corp.	Aluminum Foil Cooking Containers	<u>800</u>	<u>0.6%</u>
		<u>23,933</u>	<u>18.80%</u>

\* According to the Illinois of Employment Security the estimated Employed in the District in 2015 is 127,080

Sources:

2016 Illinois Manufacturers Directory

2016 Illinois Services Directory

ReferenceUSA.com Database

Employer Official Website and or Financial Documents

		2009	
EMPLOYER		EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Northwest Community Healthcare		4,000	N/A
Motorola Networks & Enterprise		3,000	N/A
Alexian Brothers Medical Center		2,500	N/A
Level 3 Communications		2,000	N/A
Northrop Gurmman Corp		2,000	N/A
International Profit Associates		1,900	N/A
Swissport USA, Inc.		1,500	N/A
Automatic Data Processing, Inc		1,300	N/A
HSBC Finance Corp		1,100	N/A
Holy Family Medical Center		<u>1,036</u>	<u>N/A</u>
		<u>20,336</u>	<u>N/A</u>

**Note:** The District's principal employer data from nine years ago was not available. Presented earliest available.  
available.

Source: 2009 Manufacturers' News, Inc., Illinois Manufacturers and Services Directories

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2015 - 2016	2014 - 2015	2013 - 2014	2012 - 2013	2011 - 2012
<b>Administration (12-month):</b>					
Superintendent	1	1	1	1	1
Associate Superintendent	3	4	4	4	4
Assistant Superintendent	1	-	-	-	-
Principals	6	6	6	6	6
Associate Principals	12	12	12	12	12
Assistant Principals	6	6	6	-	-
Directors	11	13	10	8	8
<b>Administration (10-month):</b>					
Assistant Principals	4	4	4	12	12
Deans	12	12	12	12	12
Directors	2	2	3	3	2
Division Heads	29	29	29	29	28
Total administration	<u>87</u>	<u>89</u>	<u>87</u>	<u>87</u>	<u>85</u>
<b>Supervisors:</b>					
All	<u>62</u>	<u>55</u>	<u>54</u>	<u>54</u>	<u>54</u>
Total supervisors	<u>62</u>	<u>55</u>	<u>54</u>	<u>54</u>	<u>54</u>
<b>Teachers:</b>					
General Education	719	716	690	658	632
Special Education	84	85	93	92	93
Bilingual	2	3	3	30	49
Social workers	17	16	16	16	15
Psychologists	13	14	14	13	12
Nurses	7	7	7	7	7
Guidance Counselors	53	54	47	49	49
Total teachers	<u>895</u>	<u>895</u>	<u>870</u>	<u>865</u>	<u>857</u>
<b>Other supporting staff:</b>					
Clerical 12 Month	78	81	80	82	82
Clerical 10 Month	83	90	75	82	79
Clerical 10 Month - Grant Funded	22	-	-	-	-
Teacher Aide	220	227	233	241	255
Maintenance	62	65	64	65	66
Custodial	102	100	98	102	102
Food Service	59	65	72	77	89
ROTC	2	2	2	2	2
Total support staff	<u>628</u>	<u>630</u>	<u>624</u>	<u>651</u>	<u>675</u>
Total staff	<u>1,672</u>	<u>1,669</u>	<u>1,635</u>	<u>1,657</u>	<u>1,671</u>

Source of Information: District personnel records and enrollment data.

2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008	2006 - 2007
1	1	1	1	1
4	4	4	4	4
-	-	-	-	-
6	6	6	6	6
12	12	12	12	12
-	-	-	-	-
8	9	9	9	9
12	11	12	12	13
12	12	12	12	12
2	2	2	2	2
<u>29</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>29</u>
<u>86</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>88</u>
54	54	55	55	54
<u>54</u>	<u>54</u>	<u>55</u>	<u>55</u>	<u>54</u>
628	781	781	782	770
96	21	17	20	18
50	46	44	46	51
15	16	16	15	12
12	10	10	10	9
7	7	7	6	6
<u>49</u>	<u>53</u>	<u>56</u>	<u>56</u>	<u>55</u>
<u>857</u>	<u>934</u>	<u>931</u>	<u>935</u>	<u>921</u>
83	83	86	98	96
78	89	93	97	96
-	-	-	-	-
255	268	280	270	276
65	63	66	66	64
103	104	112	106	107
89	96	103	102	101
<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>675</u>	<u>706</u>	<u>743</u>	<u>742</u>	<u>743</u>
<u>1,672</u>	<u>1,781</u>	<u>1,816</u>	<u>1,819</u>	<u>1,806</u>

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

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FISCAL YEAR	FALL HOUSING	ADA ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	NET EXPENSES
2016	12,041	10,462	\$ 216,296,658	\$ 20,675	(0.04)	\$ 194,261,221
2015	11,991	11,145	221,216,352	19,850	(0.01)	194,468,745
2014	12,025	10,894	214,971,098	19,734	(0.02)	188,285,463
2013	12,167	10,937	211,096,269	19,301	(0.08)	190,708,853
2012	12,322	11,483	205,813,632	17,922	(0.06)	180,990,373
2011	12,339	11,299	198,987,925	16,127	0.02	173,768,428
2010	12,113	11,400	197,000,665	16,264	(0.07)	175,705,648
2009	12,206	11,222	187,608,275	15,370	(0.01)	165,459,774
2008	12,335	11,217	176,739,541	15,756	(0.02)	165,515,737
2007	12,394	11,625	170,512,440	14,668	0.00	157,632,937

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	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL - TEACHER RATIO	PERCENTAGE OF STUDENTS RECEIVING FREE OR REDUCED PRICE- MEALS	FREE OR REDUCED STUDENTS
\$	18,568	0.01	895	13.5	22.37%	2,693
	18,765	(0.04)	895	13.4	28.75%	3,448
	18,093	(0.04)	870	13.8	27.88%	3,353
	17,436	(0.06)	865	14.1	26.47%	3,221
	16,497	(0.07)	857	13.0	22.99%	2,833
	14,688	0.08	946	13.1	21.48%	2,650
	14,506	(0.09)	934	13.2	20.61%	2,497
	13,556	(0.01)	931	13.5	17.09%	2,086
	14,756	(0.00)	935	13.6	16.74%	2,065
	13,560	(0.03)	921	13.5	16.06%	1,991

**TOWNSHIP HIGH SCHOOL DISTRICT 214**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012
Buffalo Grove High School					
Square Feet	419,068	427,000	427,000	382,965	382,965
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
Elk Grove High School					
Square Feet	338,102	350,000	350,000	350,000	350,000
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
John Hersey High School					
Square Feet	364,847	360,881	360,881	360,881	360,881
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
Newcomer Center (FVEC)					
Square Feet	9,100	9,100	9,100	9,100	9,100
Capacity (Students)	300	300	300	300	300
Prospect High School					
Square Feet	359,828	332,841	332,841	332,841	332,841
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
Rolling Meadows High School					
Square Feet	379,629	379,629	379,629	379,629	379,629
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
Vanguard School (FVEC)					
Square Feet	18,000	18,000	18,000	18,000	18,000
Capacity (Students)	300	300	300	300	300
Wheeling High School					
Square Feet	337,357	337,357	337,357	337,357	337,357
Capacity (Students)	2,500	2,500	2,500	2,500	2,500
Forest View Education Center					
Square Feet	322,184	322,184	322,184	311,184	311,184

Source of information: District building and enrollment records.

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2011	2010	2009	2008	2007
382,965 2,500	382,965 2,500	382,965 2,500	381,524 2,500	381,524 2,500
350,000 2,500	350,000 2,500	350,000 2,500	350,000 2,500	350,000 2,500
360,881 2,500	360,881 2,500	360,881 2,500	360,881 2,500	360,881 2,500
9,100 300	9,100 300	9,100 300	9,100 300	9,100 300
332,841 2,500	332,841 2,500	332,841 2,500	332,841 2,500	332,841 2,500
379,629 2,500	379,629 2,500	379,629 2,500	379,629 2,500	379,629 2,500
18,000 300	18,000 300	18,000 300	18,000 300	18,000 300
337,357 2,500	337,357 2,500	337,357 2,500	337,357 2,500	337,357 2,500
311,184	311,184	311,184	311,184	311,184

# TOWNSHIP HIGH SCHOOL DISTRICT 214

## MISCELLANEOUS STATISTICS

JUNE 30, 2016

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<b>Location:</b>	Chicagoland
<b>Date of Organization:</b>	1914
<b>Number of Schools:</b>	7 campuses
<b>Area Served:</b>	68.3 square miles in NW Cook County serving whole or part of Arlington Heights, Buffalo Grove, Des Plaines, Elk Grove, Mount Prospect, Prospect Heights, Rolling Meadows, and Wheeling

**Form of Continuing Disclosure Undertaking**

**CONTINUING DISCLOSURE UNDERTAKING  
FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by Township High School District Number 214, Cook County, Illinois (the “*District*”), in connection with the issuance of \$8,900,000 General Obligation Limited Refunding School Bonds, Series 2017 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 21st day of August, 2017 (as supplemented by a notification of sale, the “*Resolution*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

LIMITED BONDS (base calculation and chart only)

THE DISTRICT

Enrollments

FINANCIAL INFORMATION

Trend of EAV

Tax Rates

Tax Extensions and Collections

Summary of Outstanding Debt

Debt Repayment Schedule

Debt Statement (with respect to the District’s debt only)

Debt Ratios (with respect to the District’s debt only)

SUMMARY OF OPERATING RESULTS –

Combined Educational Fund and Operations and Maintenance Fund Revenue Sources

Summary of Operating Funds and Debt Service Fund

On-Behalf Payments Summary

Budget Summary

SCHOOL DISTRICT FINANCIAL PROFILE (LAST PARAGRAPH ONLY)

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the District prepared pursuant to the principles and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated September 12, 2017, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial

Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice to EMMA in a timely manner if this Section is applicable.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any

information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

TOWNSHIP HIGH SCHOOL DISTRICT NUMBER  
214, COOK COUNTY, ILLINOIS

By \_\_\_\_\_  
President, Board of Education

Date: September 28, 2017

**EXHIBIT I**  
**ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED**  
**FINANCIAL STATEMENTS**

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS**  
**FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District\*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

**EXHIBIT III  
CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER (215633)
2018	NK0
2019	NL8
2020	NM6
2021	NN4
2022	NP9
2023	NQ7
2024	NR5
2025	NS3
2026	NT1