

ANNUAL FINANCIAL REPORT

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2026**

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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700
Facsimile (847) 221-5701

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Prospect Heights School District No. 23, Prospect Heights, Illinois (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of employer contributions, schedules of the employer's proportionate share of the net pension liability, schedules of the employer's proportionate share of the net other postemployment benefits (OPEB) liability, budgetary comparison schedules, and related notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to do so.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The General Fund Combining Balance Sheet and General Fund Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances are presented for purposes of additional analysis and are not required parts of the basic financial statements. These schedules are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Evans, Marshall & Pease, P.C.

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

October 28, 2026
Rolling Meadows, IL

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

The following discussion and analysis provides an overview of Prospect Heights School District No. 23's (the District) financial activities and financial position for the year ended June 30, 2026. Management encourages readers to consider this information in conjunction with the District's basic financial statements and accompanying notes.

This MD&A includes comparative information for the current and prior fiscal years to assist readers in evaluating changes in the District's financial position and results of operations.

Financial Highlights

The following financial highlights summarize the District's financial position and results of operations for the fiscal year ended June 30, 2026:

- The District's total net position increased by \$1,203,940, from \$8,113,219 at June 30, 2025, to \$9,317,159 at June 30, 2026. The increase resulted from revenues exceeding expenses during the fiscal year.
- Total government-wide revenues were \$37,907,324, an increase of \$161,793 from the prior year, while total expenses were \$36,703,384, an increase of \$195,182. Higher property tax revenues and investment earnings helped offset decreases in grants and contributions.
- The District's governmental funds reported combined ending fund balances of \$22,362,958, an increase of \$16,250,288 from the prior year. The increase was primarily attributable to proceeds from the issuance of long-term debt for capital improvements and refinancing existing obligations.
- The District's net capital assets increased by \$901,788, from \$22,254,605 to \$23,156,393, reflecting continued investment in school facilities and equipment, partially offset by depreciation and amortization.
- Outstanding bonds and debt certificates totaled \$26,295,000 at June 30, 2026, an increase of \$17,115,000 from the prior year. The increase reflects significant financing activities undertaken to support capital improvements and refinance existing debt.

Although the District's overall financial position improved, a substantial portion of its financial resources is restricted for capital improvements and other specific purposes and is not available for general operating activities.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) provides an overview of the District's financial activities and should be read in conjunction with the basic financial statements and required supplementary information (RSI).

The basic financial statements provide two perspectives of the District's financial activities:

- The government-wide financial statements, consisting of the statement of net position and statement of activities, provide a broad overview of the District's overall financial position and results of operations.
- The fund financial statements provide more detailed information about the District's individual governmental funds and demonstrate how resources are received, used, and maintained within each fund.

The basic financial statements are accompanied by notes that provide information necessary to understand the amounts reported. The report also includes required supplementary information, including budgetary comparison schedules and pension and other postemployment benefit schedules, as well as supplementary information consisting of combining financial statements and schedules that provide additional detail on the District's governmental funds.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Governmental Fund Financial Statements
Scope	Entire District, excluding fiduciary activities	Individual governmental funds
Financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances
Measurement focus	Economic resources	Current financial resources
Basis of accounting	Accrual basis	Modified accrual basis
Assets and liabilities reported	Reports all assets and liabilities, including capital assets and long-term obligations	Focuses primarily on current financial assets and liabilities; capital assets and long-term obligations generally are not reported
Deferred outflows and inflows of resources	Reports applicable deferred outflows and deferred inflows of resources associated with both current and future periods	Reports deferred outflows and deferred inflows applicable to the current financial resources measurement focus
Revenues	Recognized when earned, regardless of when cash is received	Recognized when measurable and available
Expenses / expenditures	Expenses are recognized when the related liability is incurred	Expenditures generally are recognized when the related fund liability is incurred; debt service and certain long-term obligations are recognized when due

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the District's overall financial position and results of operations using the economic resources measurement focus and accrual basis of accounting.

The statement of net position presents the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Changes in net position over time may help readers assess whether the District's overall financial position has improved or deteriorated.

The statement of activities shows how the District's net position changed during the fiscal year. Expenses are presented by function and are offset by related program revenues, including charges for services and grants and contributions restricted to specific programs. Property taxes and other revenues that do not meet the definition of program revenues are reported as general revenues.

The government-wide financial statements report the District's governmental activities, which are supported primarily by property taxes, state and federal revenues, and other nonexchange revenues. These activities include instruction, support services, payments to other governmental units, debt service, and other activities necessary to operate the District.

Financial Statements

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts used to account for resources that are restricted or otherwise designated for specific activities or purposes. The District uses fund accounting to demonstrate compliance with applicable legal and financial requirements. The District reports only governmental funds and has no proprietary or fiduciary funds.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Governmental fund financial statements report substantially the same activities as the governmental activities presented in the government-wide financial statements, but from a different perspective. Governmental funds use the current financial resources measurement focus and modified accrual basis of accounting and emphasize near-term inflows, outflows, and balances of spendable resources.

Because governmental fund financial statements have a narrower, short-term focus than the government-wide financial statements, reconciliations are provided with the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations explain the differences between governmental fund amounts and the corresponding amounts reported for governmental activities in the government-wide financial statements.

The District has elected to report all governmental funds as major funds. Separate information is presented for the General Fund, which includes the Educational, Working Cash, and Tort Accounts; Operations and Maintenance Fund; Transportation Fund; Municipal Retirement/Social Security Fund; Debt Service Fund; and Capital Projects Fund.

The District adopts an annual budget for each fund. Budgetary comparison schedules are presented as required supplementary information (RSI) to compare the legally adopted budget with actual results and demonstrate budgetary compliance.

Notes to the Financial Statements

The notes are an integral part of the basic financial statements and provide information necessary for a complete understanding of the District's financial position and results of operations. The notes include the District's significant accounting policies and additional information regarding cash and deposits, property taxes, capital assets, long-term obligations, pensions, other postemployment benefits, and other significant financial matters.

Required Supplementary Information

In addition to Management's Discussion and Analysis, the report includes required supplementary information prescribed by GASB. This information includes pension and other postemployment benefit schedules and the District's budgetary comparison schedules, which provide additional historical, actuarial, and budgetary information necessary to supplement the basic financial statements.

Supplementary Information

The report also includes supplementary information consisting of combining financial statements and schedules that provide additional detail on the General Fund accounts and other financial activities of the District.

Government-Wide Financial Analysis

Statement of Net Position: The following summarizes the District's net position as of June 30, 2026, and 2025:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

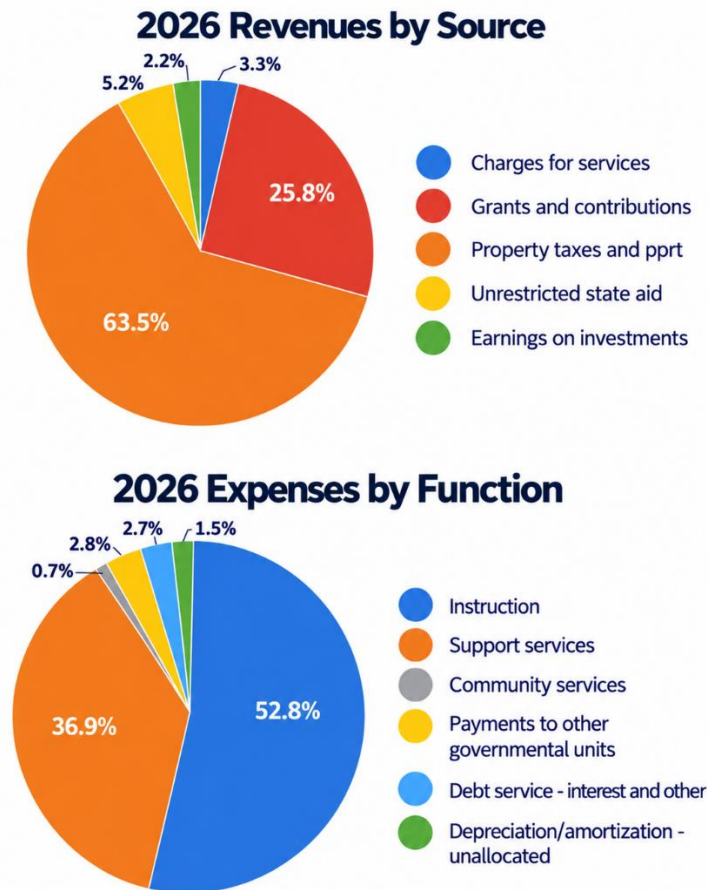
	2026	2025
Assets		
Other assets	\$ 34,728,372	\$ 17,524,985
Capital assets	23,156,393	22,254,605
Total Assets	57,884,765	39,779,590
Total Deferred Outflows of Resources	2,452,149	1,203,140
Liabilities		
Other liabilities	148,257	198,310
Noncurrent liabilities	31,831,995	14,661,826
Total Liabilities	31,980,252	14,860,136
Total Deferred Inflows of Resources	19,039,503	18,009,375
Net Position		
Net investment in capital assets	17,046,566	12,599,394
Restricted	18,762,987	2,738,165
Unrestricted	(26,492,394)	(7,224,340)
Total Net Position	\$ 9,317,159	\$ 8,113,219

Changes in Net Position: The following summarizes the District's changes in net position for the years ended June 30, 2026, and 2025:

	2026	2025
Revenues		
Program revenues		
Charges for services	\$ 1,256,685	\$ 1,045,767
Grants and contributions	9,766,534	10,809,708
General revenues		
Taxes - property and pppt	24,065,030	23,154,454
Unrestricted state aid	1,973,032	1,938,348
Earnings on investments	846,043	415,730
Other	-	381,524
Total Revenues	37,907,324	37,745,531
Expenses		
Instruction	19,903,939	20,901,674
Support services	13,922,043	12,614,355
Community services	277,792	251,231
Payments to other governmental units	1,044,857	1,107,337
Debt service - interest and other	1,003,092	333,780
Depreciation/amortization - unallocated	551,661	1,299,825
Total Expenses	36,703,384	36,508,202
Change in Net Position	1,203,940	1,237,329
Net Position - Beginning	8,113,219	6,875,890
Net Position - Ending	\$ 9,317,159	\$ 8,113,219

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

The following charts illustrate the District's revenues by source and expenses by function, as reported in the government-wide Statement of Activities.



Financial Analysis of the District's Funds

The District uses governmental funds to account for its financial activities. These funds provide information about the resources available to finance the District's educational programs, operations, capital improvements, and debt service obligations.

At June 30, 2026, the District's governmental funds reported combined ending fund balances of \$22,362,958, an increase of \$16,250,288 from the prior year. The increase was primarily attributable to proceeds from the issuance of long-term debt to finance capital improvements and refinance existing obligations.

The General Fund reported an ending fund balance of \$3,623,824, an increase of \$117,539 from the prior year. Revenues totaled \$30,400,572, while expenditures totaled \$30,283,033. The modest increase reflects revenues exceeding expenditures during the fiscal year.

The Operations and Maintenance Fund reported an ending fund balance of \$2,490,303, an increase of \$1,670,808 from the prior year. The increase resulted from revenues exceeding expenditures by \$670,808 and a \$1,000,000 transfer from the Capital Projects Fund, strengthening resources available for facility operations and maintenance.

The Capital Projects Fund reported an ending fund balance of \$14,724,696, an increase of \$14,821,499 from the prior year. The increase was primarily attributable to the issuance of \$39,270,000 in bonds and debt certificates, partially offset by debt refunding transactions, interfund transfers, and capital expenditures. The remaining resources are restricted for capital-related purposes rather than general operations.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

The Debt Service Fund reported an ending fund balance of \$424,422, a decrease of \$450,303 from the prior year. The Fund's activity was significantly affected by debt repayment and refunding transactions, including \$17,568,753 in principal payments, substantially financed through transfers from the Capital Projects Fund.

The Transportation Fund reported an ending fund balance of \$638,253, a decrease of \$6,019 from the prior year. Revenues were slightly below expenditures, resulting in a relatively stable fund balance.

The Municipal Retirement/Social Security Fund reported an ending fund balance of \$461,460, an increase of \$96,764 from the prior year. The increase resulted from revenues exceeding expenditures, providing additional resources for retirement and Social Security obligations.

Although the District's combined governmental fund balances increased significantly, \$18,788,716 of the total fund balance was restricted for specific purposes, including capital improvements, debt service, and other designated governmental activities. Accordingly, the increase does not represent an equivalent increase in resources available for general operations.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

At June 30, 2026, the District reported net capital assets of \$23,156,393, an increase of \$901,788 from the prior year. The increase resulted from capital asset additions of \$1,453,449, partially offset by depreciation and amortization expense of \$551,661.

Capital asset additions consisted primarily of \$1,112,401 in construction in progress and \$341,048 in building improvements and equipment. Construction in progress totaled \$2,064,556 at year-end, reflecting the District's ongoing investment in facility improvements. At June 30, 2026, the District had remaining contractual commitments of approximately \$12.9 million related to construction projects.

Long-Term Financing

At June 30, 2026, the District reported outstanding bonds and debt certificates of \$26,295,000, an increase of \$17,115,000 from the prior year. During the fiscal year, the District issued \$39,270,000 in bonds and debt certificates to finance capital improvements and refinance existing obligations.

The District's financing activities included the issuance of Series 2025A General Obligation Limited Tax School Bonds and Series 2025B General Obligation Limited Tax Refunding Bonds. The proceeds were used to support capital improvement projects, repay previously issued debt certificates, and refund portions of outstanding obligations. In connection with these transactions, \$6,184,654 was deposited into an irrevocable escrow account for the refunding of existing bonds.

The District also reported outstanding lease liabilities of \$74,031 at June 30, 2026, compared with \$122,784 in the prior year. These obligations relate to leased copier equipment.

At June 30, 2026, the District had an available legal debt margin of approximately \$34.1 million, providing additional borrowing capacity within statutory limitations.

Additional information regarding the District's capital assets, construction commitments, and long-term financing obligations is presented in the notes to the basic financial statements.

Currently Known Facts, Decisions, or Conditions

The District continues to address financial and operational needs associated with maintaining educational programs, improving facilities, and meeting future obligations.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

The Board of Education approved a balanced budget for fiscal year 2027 that incorporates reductions in expenditures and staffing while maintaining educational programs and services. These measures reflect the District's efforts to manage increasing operating costs and limited revenue growth while maintaining financial stability.

The District is undertaking significant facility improvements, including the expansion of Eisenhower Elementary School to accommodate the State's full-day kindergarten requirements beginning in 2027. Existing construction commitments are expected to result in additional capital expenditures in subsequent fiscal years, financed primarily through previously issued bond proceeds.

The District has also proposed an operating tax referendum for November 3, 2026, seeking an increase in its operating tax rate. If approved, the measure is estimated to generate up to \$4 million annually in additional property tax revenues to support educational programs, staffing, and student services. The outcome of the referendum will affect the District's future revenue availability and operating decisions.

These known factors are expected to influence the District's financial position and results of operations in subsequent fiscal years.

Requests for Information

This financial report is intended to provide the District's citizens, taxpayers, creditors, and other interested parties with an overview of the District's financial position and activities and to demonstrate accountability for the financial resources entrusted to it. Questions regarding this report or requests for additional financial information should be directed to Amy McPartlin, Assistant Superintendent for Finance and Operations, Prospect Heights School District No. 23, 700 N. Schoenbeck Road, Prospect Heights, Illinois 60070.

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BASIC FINANCIAL STATEMENTS

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and investments	\$ 21,571,001
Receivables (net of allowance for uncollectibles)	12,626,850
Capital assets not being depreciated	2,470,494
Capital assets, net of accumulated depreciation/amortization	20,685,899
Net pension asset	530,521
	<u>57,884,765</u>
Total Assets	<u>57,884,765</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,526,852
Deferred outflows related to pensions	271,547
Deferred outflows related to other post employment benefits	653,750
	<u>2,452,149</u>
Total Deferred Outflows of Resources	<u>2,452,149</u>
LIABILITIES	
Accounts payable	6,682
Payroll deductions payable	115,846
Accrued interest payable	25,729
Long-term liabilities	
Due within one year	1,146,528
Due in more than one year	30,685,467
	<u>31,980,252</u>
Total Liabilities	<u>31,980,252</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for a future period	12,193,939
Deferred inflows related to pensions	1,328,432
Deferred inflows related to other post employment benefits	5,517,132
	<u>19,039,503</u>
Total Deferred Inflows of Resources	<u>19,039,503</u>
NET POSITION	
Net investment in capital assets	17,046,566
Restricted	
Student activities	49,582
Operations and maintenance	2,490,303
Student transportation	638,253
Retirement	461,460
Debt service	398,693
Capital projects	14,724,696
Unrestricted	(26,492,394)
	<u>9,317,159</u>
Total Net Position	<u>\$ 9,317,159</u>

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 13,111,558	\$ 787,135	\$ 753,904	\$ -	\$ (11,570,519)
State on-behalf retirement	6,792,381	-	6,792,381	-	-
Support services	13,922,043	469,550	1,579,531	640,718	(11,232,244)
Community services	277,792	-	-	-	(277,792)
Payments to other governmental units	1,044,857	-	-	-	(1,044,857)
Debt Service					
Interest and other	1,003,092	-	-	-	(1,003,092)
Depreciation/amortization - unallocated	551,661	-	-	-	(551,661)
Total	<u>\$ 36,703,384</u>	<u>\$ 1,256,685</u>	<u>\$ 9,125,816</u>	<u>\$ 640,718</u>	<u>(25,680,165)</u>
General Revenues					
Property taxes, levied for general purposes					22,477,356
Property taxes, levied for debt service					1,472,951
Corporate replacement taxes					114,723
Unrestricted state aid					1,973,032
Earnings on investments					846,043
Total					<u>26,884,105</u>
CHANGE IN NET POSITION					1,203,940
NET POSITION, BEGINNING					<u>8,113,219</u>
NET POSITION, ENDING					<u>\$ 9,317,159</u>

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

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2026

	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement/ Social Security Fund
ASSETS				
Cash and investments	\$ 3,343,213	\$ 2,192,252	\$ 615,430	\$ 446,144
Restricted assets				
Cash, restricted for student activities	49,582	-	-	-
Receivables (net of allowance for uncollectibles)				
Property taxes	9,658,280	839,034	570,847	382,806
Replacement taxes	22,586	-	-	-
Intergovernmental	135,607	274,718	-	-
Total Assets	\$ 13,209,268	\$ 3,306,004	\$ 1,186,277	\$ 828,950
LIABILITIES				
Cash overdraft	\$ 195,257	\$ -	\$ -	\$ -
Accounts payable	6,682	-	-	-
Payroll deductions payable	107,231	8,579	36	-
Total Liabilities	309,170	8,579	36	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	9,276,274	807,122	547,988	367,490
Total Deferred Inflows of Resources	9,276,274	807,122	547,988	367,490
FUND BALANCES				
Restricted	49,582	2,490,303	638,253	461,460
Unassigned	3,574,242	-	-	-
Total Fund Balances	3,623,824	2,490,303	638,253	461,460
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,209,268	\$ 3,306,004	\$ 1,186,277	\$ 828,950

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 394,941	\$ 14,724,696	\$ 21,716,676
-	-	49,582
742,972	-	12,193,939
-	-	22,586
-	-	410,325
<u>\$ 1,137,913</u>	<u>\$ 14,724,696</u>	<u>\$ 34,393,108</u>
\$ -	\$ -	\$ 195,257
-	-	6,682
-	-	115,846
-	-	317,785
713,491	-	11,712,365
713,491	-	11,712,365
424,422	14,724,696	18,788,716
-	-	3,574,242
424,422	14,724,696	22,362,958
<u>\$ 1,137,913</u>	<u>\$ 14,724,696</u>	<u>\$ 34,393,108</u>

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEETS TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total fund balances - governmental funds (Exhibit C)		\$ 22,362,958
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		23,156,393
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	\$ 271,547	
Deferred inflows - pension related	(1,328,432)	
Deferred outflows - other post-employment benefits related	653,750	
Deferred inflows - other post-employment benefits related	<u>(5,517,132)</u>	(5,920,267)
Deferred inflows of resources related to property taxes do not relate to current financial resources and are not included in the funds.		(481,574)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Leases payable	(74,031)	
Bonds payable	(26,295,000)	
Accrued interest payable on long-term debt	(25,729)	
Compensated absences	(46,448)	
Net pension liability	(1,004,767)	
Net pension (asset)	530,521	
Net OPEB liability	<u>(3,699,101)</u>	(30,614,555)
Governmental funds report the effects of premiums, discounts, and refundings and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		
Deferred amount on refunding	1,526,852	
Premium on bonds	<u>(712,648)</u>	<u>814,204</u>
Total net position - governmental activities (Exhibit A)		<u>\$ 9,317,159</u>

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

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement/ Social Security Fund
REVENUES				
Local sources	\$ 20,701,276	\$ 2,299,233	\$ 1,200,870	\$ 807,875
State sources	2,043,630	640,718	855,612	-
State on-behalf retirement	6,273,403	-	-	-
Federal sources	1,382,263	-	-	24,962
Total Revenues	30,400,572	2,939,951	2,056,482	832,837
EXPENDITURES				
Current				
Instruction	13,849,164	-	-	286,167
State on-behalf retirement	6,273,403	-	-	-
Support services	8,768,040	2,158,350	1,921,270	430,659
Community services	258,545	-	-	19,247
Payments to other governmental units	903,626	-	141,231	-
Capital outlay	230,255	110,793	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures	30,283,033	2,269,143	2,062,501	736,073
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	117,539	670,808	(6,019)	96,764
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,000,000	-	-
Transfers out	-	-	-	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	-	1,000,000	-	-
NET CHANGE IN FUND BALANCES	117,539	1,670,808	(6,019)	96,764
FUND BALANCE (DEFICIT), BEGINNING	3,506,285	819,495	644,272	364,696
FUND BALANCE, ENDING	\$ 3,623,824	\$ 2,490,303	\$ 638,253	\$ 461,460

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,529,931	\$ 31,413	\$ 26,570,598
-	-	3,539,960
-	-	6,273,403
-	-	1,407,225
<u>1,529,931</u>	<u>31,413</u>	<u>37,791,186</u>
-	-	14,135,331
-	-	6,273,403
-	-	13,278,319
-	-	277,792
-	-	1,044,857
-	1,112,401	1,453,449
17,568,753	-	17,568,753
670,869	-	670,869
400,508	-	400,508
<u>18,640,130</u>	<u>1,112,401</u>	<u>55,103,281</u>
<u>(17,110,199)</u>	<u>(1,080,988)</u>	<u>(17,312,095)</u>
16,659,896	-	17,659,896
-	(17,659,896)	(17,659,896)
-	39,270,000	39,270,000
-	477,037	477,037
-	(6,184,654)	(6,184,654)
<u>16,659,896</u>	<u>15,902,487</u>	<u>33,562,383</u>
(450,303)	14,821,499	16,250,288
<u>874,725</u>	<u>(96,803)</u>	<u>6,112,670</u>
<u>\$ 424,422</u>	<u>\$ 14,724,696</u>	<u>\$ 22,362,958</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Total net change in fund balances-governmental funds (Exhibit D)	\$ 16,250,288
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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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Depreciation/amortization expense	\$ (551,661)	
Capital outlays capitalized as assets	1,453,449	901,788

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable taxes	(402,840)
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Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of bonds and debt certificates	(39,270,000)	
Payment to escrow agent	6,184,654	
Premium	(477,037)	
Principal paid on bonds, debt certificates, and leases	17,568,753	(15,993,630)

Some amounts reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.

Accrued interest on long-term debt	(25,729)	
Amortization of bond premiums	116,816	
Amortization of deferred amounts of refunding	(22,802)	
Compensated absences	5,712	
Changes in pension and related deferred outflows and deferred inflows of resources	(594,361)	
Changes in other post-employment benefits and related deferred outflows and deferred inflows of resources	968,698	448,334

Change in net position of governmental activities (Exhibit B)	\$ 1,203,940
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The accompanying notes to the financial statements are an integral part of this statement.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Prospect Heights School District No. 23 (the “District”) operates as a public school district governed by an elected Board of Education. The District is organized under the provisions of the School Code of the State of Illinois.

The District’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies followed by the District in preparing these financial statements are described below.

A. Financial Reporting Entity

The accompanying financial statements include all organizations, activities, and functions for which the District is financially accountable. Component units are legally separate organizations for which the District, as the primary government, is financially accountable. Financial accountability exists when the District appoints a voting majority of an organization’s governing body and either (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

Based on these criteria, the District has no component units. In addition, the District is not considered a component unit of any other governmental reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. The District reports only governmental activities, which are generally supported by taxes, intergovernmental revenues, and other nonexchange revenues. The District has no business-type 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 specifically associated with and clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues that do not meet the definition of program revenues are reported as general revenues.

Governmental Funds Financial Statements

Governmental fund financial statements are used to account for the District’s general governmental activities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or objectives in accordance with applicable laws, regulations, restrictions, or limitations. The District maintains the minimum number of funds consistent with legal and managerial requirements.

Separate financial statements are presented for the District’s governmental funds. Fiduciary funds, if any, would be reported separately and excluded from the government-wide financial statements. The District has no fiduciary funds.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of when cash flows occur. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar revenues are recognized when all applicable eligibility requirements have been satisfied.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when measurable and available to finance current-period expenditures. The District considers property taxes available if collected within 60 days after year-end. State and federal revenues are considered available if vouchered by the Illinois State Board of Education by June 30, 2026, and normally collected within 60 days thereafter.

Expenditures generally are recognized when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized when due. Expenditures for compensated absences and claims and judgments are recognized when payment is due.

On-behalf payments made by the State of Illinois to the Teachers' Retirement System (TRS) and Teachers' Health Insurance Security (THIS) Fund are recognized as revenues and expenditures.

Property taxes, replacement taxes, certain state and federal aid, and investment earnings are recognized when measurable and available. Other revenues generally are recognized when received.

Grant revenues are recognized when eligibility requirements have been satisfied and the amounts are measurable and available. Amounts received before eligibility requirements are met are reported as liabilities until those requirements are satisfied.

The funds of the District are described below:

Governmental Funds

General Fund – The General Fund is the District's primary operating fund and is used to account for all financial resources not required to be accounted for in another fund. The Educational, Working Cash, and Tort Accounts are included in the General Fund.

Special Revenue Funds – The Special Revenue Funds consist of the Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund. These funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs on the District's general long-term debt.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities.

Proprietary Funds

The District has no proprietary funds.

Fiduciary Funds

The District has no fiduciary funds.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

Major and Non-major Funds

An emphasis is placed on major governmental funds. The General Fund is always considered a major fund. Other governmental funds are considered major if they meet the applicable quantitative criteria established by GASB. The District may also report any other governmental fund as a major fund when management believes separate presentation is useful to financial statement users.

The District has elected to report all governmental funds as major funds.

The District's major funds are as follows:

General Fund – See above for description.

Operations and Maintenance Fund – Accounts for expenditures related to the operation, repair, and maintenance of the District's buildings and grounds. Revenues are derived primarily from local property taxes and other available funding sources.

Transportation Fund – Accounts for revenues and expenditures related to student transportation. Revenues are derived primarily from local property taxes and state transportation reimbursements.

Municipal Retirement/Social Security Fund – Accounts for the District's required contributions to the Illinois Municipal Retirement Fund, Social Security, and Medicare for eligible employees. Revenues are derived primarily from local property taxes and personal property replacement taxes.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, principal, interest, and related costs on the District's general long-term debt.

Capital Projects Fund – Accounts for financial resources used for the acquisition, construction, or improvement of major capital facilities.

D. Equity Classifications/Fund Balance Reporting

Net Position

Net position is reported in three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding principal of debt attributable to the acquisition, construction, or improvement of those assets. Unspent proceeds of capital-related debt are not included in this component.

Restricted Net Position – Consists of net position subject to constraints on its use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Consists of 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 the same purpose, it is the District's policy to use restricted resources first, followed by unrestricted resources.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

Governmental Fund Balance Reporting

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. Amounts not in spendable form include items such as inventories and prepaid amounts.

Restricted – Includes amounts subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

At June 30, 2026, restricted governmental fund balances were reported for Student Activities, Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Debt Service, and Capital Projects. The restricted fund balance for Student Activities totaled \$49,582 and is reported in the General Fund.

The District also accounts for restricted revenues, including special education property taxes, Tort Fund property taxes, and state and federal grants. Although Tort Fund resources are restricted for specific purposes, the Tort Account reported a deficit fund balance at June 30, 2026, which is included in the unassigned fund balance of the General Fund. Accordingly, no restricted fund balance is reported for the Tort Account. Similarly, no restricted fund balance is reported for other restricted revenue sources when related expenditures have exhausted available resources.

Committed – Includes amounts that may be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Committed amounts may be changed or removed only through the same type of formal action used to establish the commitment. The District had no committed fund balance at June 30, 2026.

Assigned – Includes amounts intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed. The District had no assigned fund balance at June 30, 2026.

Unassigned – Represents the residual fund balance classification for the General Fund and includes amounts not classified as nonspendable, restricted, committed, or assigned.

Fund Balance Spending Policy – When an expenditure is incurred for a purpose for which restricted, committed, assigned, and unassigned fund balance is available, the District considers restricted amounts to be spent first, followed by committed, assigned, and finally unassigned amounts.

E. Cash and Investments

Illinois statutes authorize the District to invest in various types of investments, subject to the provisions and restrictions established by applicable state law. Investments are generally reported at fair value, except for qualifying investments and investment pools that are reported at amortized cost or net asset value, as applicable. Changes in fair value, including unrealized gains and losses, are recognized as investment income. Realized gains and losses are recognized upon the sale of investments.

F. Receivables

In the government-wide financial statements, receivables include earned but uncollected revenues, net of allowances for uncollectible amounts based on historical experience.

In the governmental fund financial statements, receivables are recognized when measurable, with related revenues recognized when measurable and available. Unavailable revenues are reported as deferred inflows of resources until the availability criteria are met.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

G. Capital Assets

Capital assets, including land, construction in progress, land improvements, buildings and improvements, equipment and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost exceeding \$5,000 and an estimated useful life of more than one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost, while donated assets are recorded at acquisition value as of the date of donation.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

- Land improvements: 10–20 years
- Buildings and improvements: 20–50 years
- Equipment, including vehicles: 5–20 years

Land and construction in progress are not depreciated.

In the governmental fund financial statements, capital asset acquisitions are reported as capital outlay expenditures in the period acquired.

H. Deferred Outflows of Resources

In addition to assets, the statement of net position reports deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future reporting period and, therefore, will not be recognized as an expense until that future period.

The District reports deferred outflows of resources related to pensions, other postemployment benefits, and deferred charges on refunding of debt in the government-wide statement of net position. Pension and other postemployment benefit amounts arise from differences between expected and actual experience, changes in actuarial assumptions, differences between projected and actual investment earnings, changes in the District's proportionate share, and contributions made subsequent to the measurement date. Deferred charges on refunding represent the excess of the reacquisition price over the net carrying amount of refunded debt and are amortized over the shorter of the remaining life of the refunded debt or the life of the new debt.

I. Long-Term Liabilities

In the government-wide financial statements, long-term liabilities, including bonds payable, debt certificates, and lease liabilities, are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable debt using the effective interest method. Debt issuance costs are expensed when incurred. Bonds payable and debt certificates are reported net of applicable premiums or discounts.

In the governmental fund financial statements, proceeds from bonds, debt certificates, and leases are reported as other financing sources. Bond premiums and discounts are recognized as other financing sources or uses, respectively, in the period of issuance. Debt issuance costs are reported as debt service expenditures when incurred. Principal and interest payments on long-term liabilities are recognized as expenditures when due.

Leases

The District is a lessee under noncancelable lease agreements for certain copier equipment. In the government-wide financial statements, the District recognizes a lease liability and a corresponding right-to-use lease asset for leases that meet the applicable recognition criteria.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

At the commencement of a lease, the lease liability is initially measured at the present value of payments expected to be made during the lease term. The lease liability is subsequently reduced by the principal portion of lease payments made.

The right-to-use lease asset is initially measured based on the amount of the initial lease liability, adjusted for payments made at or before commencement and for certain other amounts, as applicable. The lease asset is subsequently amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless ownership of the underlying asset transfers to the District at the end of the lease term.

Key estimates and judgments used in accounting for leases include the determination of the lease term, the discount rate, and the lease payments included in the measurement of the lease liability.

The District uses the interest rate implicit in the lease when that rate is readily determinable. When the implicit rate is not readily determinable, the District uses its estimated incremental borrowing rate as the discount rate.

J. Compensated Absences

The District provides vacation and sick leave benefits to eligible employees in accordance with established policies and employment agreements. Unused leave may accumulate and be carried forward, subject to applicable limitations.

A liability is recognized in the government-wide financial statements for accumulated compensated absences attributable to services already rendered that are more likely than not to be used or paid. The liability is measured using applicable employee pay rates, including directly related salary costs.

In the governmental fund financial statements, compensated absences are recognized as expenditures when payments are due.

K. Deferred Inflows of Resources

In addition to liabilities, the financial statements report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future reporting period and, therefore, will not be recognized as revenue until that future period.

The District reports deferred inflows of resources related to property taxes, pensions, and other postemployment benefits.

Property taxes that are not recognized as revenue in the current period because they are applicable to a future reporting period are reported as deferred inflows of resources.

Deferred inflows related to pensions and other postemployment benefits are reported in the government-wide statement of net position. These amounts result from differences between expected and actual experience, changes in actuarial assumptions, differences between projected and actual investment earnings, changes in the District's proportionate share, and differences between District contributions and its proportionate share of contributions. These amounts are recognized as expense reductions in future periods in accordance with the applicable accounting requirements.

L. Property Tax Revenues

The District annually adopts a property tax levy in accordance with Illinois law. The 2025 tax levy was approved by the Board of Education on December 15, 2025, and the 2024 tax levy was approved on December 12, 2024.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

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

Property taxes are assessed and collected by Cook County. Taxes attach as an enforceable lien on real property as of January 1 of the levy year and are generally payable in two installments during the following calendar year, in accordance with the County's collection schedule. The District receives property tax distributions as collections are remitted by the Cook County Treasurer.

The District is subject to the Property Tax Extension Limitation Law (PTELL), which generally limits annual increases in aggregate property tax extensions, excluding certain debt service levies, to the lesser of 5 percent or the increase in the Consumer Price Index for the preceding year. The limitation is adjusted for eligible new property growth, including new construction, annexations, and property becoming taxable upon expiration of a tax increment financing designation.

M. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund as required, with any remaining amounts allocated to other District funds in accordance with applicable requirements.

N. Program Revenues

Program revenues reported in the Statement of Activities include (1) charges for services, including tuition and fees, and (2) operating and capital grants and contributions that are restricted to supporting the operational or capital requirements of a particular function or program. Taxes and other revenues that do not meet the criteria for classification as program revenues, including taxes levied for specific purposes, are reported as general revenues.

O. Interfund Activity, Eliminations, and Reclassifications

Interfund activity includes loans, services, reimbursements, and transfers. Loans are reported as interfund receivables and payables, services as revenues and expenditures, and reimbursements as reductions of related expenditures. All other interfund activity is reported as transfers.

Interfund balances and transactions are eliminated or reclassified, as appropriate, in the government-wide financial statements.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

The District participates in the Wheeling Township Treasury Intergovernmental Agreement, administered by Township High School District No. 214. Under this agreement, the Treasury provides cash management, investment, and disbursement services to participating school districts. The Treasury is responsible for receiving and disbursing District funds and investing available cash in accordance with applicable Illinois statutes and established investment policies.

Cash and investments held by the Treasury, excluding student activity accounts, imprest funds, petty cash, and other separately maintained accounts, are pooled with those of participating school districts. The Treasury maintains separate accounting records identifying the balances attributable to each district and fund. Investment earnings are allocated monthly based on each district's proportionate participation in the pool. Investment policies are established under the Wheeling Township Treasury Intergovernmental Agreement in accordance with applicable Illinois law.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 2 – CASH AND INVESTMENTS (CONT'D)

The Treasury operates as an unrated external investment pool. The District's investment in the pool is determined based on its proportionate share of the investments held by the Treasury. The Treasury maintains various investments and deposits with financial institutions, including money market investments and certificates of deposit. Additional information regarding the composition, maturities, and fair values of investments held by the Treasury is maintained by the Treasury.

Custodial Credit Risk – Township Treasury

The weighted average maturity of the Treasury's pooled investments was 5.83 years for U.S. Agency securities, 1.25 years for U.S. Treasury securities, and 0.24 years for negotiable certificates of deposit at June 30, 2026. The Treasury also maintains money market investments, investment pools, and deposits with financial institutions, including certificates of deposit. Total investments held by the Treasury were \$318,935,593, reported at cost, and the District's proportionate share of total pooled cash and investments was \$21,511,419, or approximately 6.41%.

Because cash and investments are pooled by the Treasury, the District's individual exposure to custodial credit risk is not separately determinable. At June 30, 2026, the Treasury reported that its bank balances totaling \$224,991,422 were fully insured or collateralized. Additional information regarding the Treasury's investments, collateralization, and related risk exposures is available in the Treasury's separately issued financial statements.

Custodial Credit Risk – District

The District maintains certain cash and investment accounts outside the Treasury, including student activity accounts and other separately maintained funds.

At June 30, 2026, the carrying amount of the District's separately maintained cash and investments totaled \$65,529. Of this amount, \$55,529 was held in the Illinois School District Liquid Asset Fund Plus (ISDLAF+) PMA Liquid Account.

ISDLAF+ is an external investment pool established to provide Illinois school districts and other eligible governmental entities with investment and cash management services. Investments in the pool are not subject to custodial credit risk applicable to bank deposits or directly held investment securities.

NOTE 3 – PROPERTY TAXES

Property taxes are levied annually by the District and collected by the Cook County Treasurer. Taxes are payable in two installments during the following calendar year. The first installment, generally due March 1, is based on 55 percent of the prior year's tax bill. The second installment reflects the remaining taxes due based on the current levy and assessed valuation. Tax distributions are generally received within 60 days of the installment due dates.

The 2025 property tax levy is recognized as a receivable in fiscal year 2026, net of estimated uncollectible taxes of approximately 2% and amounts previously collected. The District designated the first installment to finance fiscal year 2026 operations and the second installment to finance fiscal year 2027 operations. Amounts attributable to fiscal year 2027 are reported as deferred inflows of resources.

In the governmental fund financial statements, property tax revenues are recognized when measurable and available, generally within 60 days after year-end. Current-year revenues not meeting the availability criterion are reported as deferred inflows of resources.

In the government-wide financial statements, property tax revenues are recognized in the fiscal year they are intended to finance, regardless of collection. Amounts attributable to future fiscal years are reported as deferred inflows of resources.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2026, accounts receivable reported in the government-wide Statement of Net Position totaled \$12,626,850, net of allowances for uncollectible amounts. This balance consisted of \$12,193,939 in property taxes receivable, \$22,586 in replacement taxes receivable, and \$410,325 in intergovernmental receivables.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 405,938	\$ -	\$ -	\$ 405,938
Construction in progress	952,155	1,112,401	-	2,064,556
Total	1,358,093	1,112,401	-	2,470,494
Capital assets being depreciated/ amortized				
Land improvements	1,927,800	-	-	1,927,800
Buildings and improvements	28,713,089	168,551	-	28,881,640
Equipment and vehicles	3,403,624	172,497	-	3,576,121
Leased equipment	284,784	-	-	284,784
Total	34,329,297	341,048	-	34,670,345
Less accumulated depreciation/ amortization				
Land improvements	698,429	61,469	-	759,898
Buildings and improvements	9,537,232	385,203	-	9,922,435
Equipment and vehicles	3,030,430	45,944	-	3,076,374
Leased equipment	166,694	59,045	-	225,739
Total	13,432,785	551,661	-	13,984,446
Net capital assets	<u>\$ 22,254,605</u>	<u>\$ 901,788</u>	<u>\$ -</u>	<u>\$ 23,156,393</u>

Depreciation/amortization expense is unallocated under functions/programs on the statement of activities.

NOTE 6 – LONG-TERM LIABILITIES

Leases Payable

The District has entered into a lease agreement for copier equipment. The lease provides for a purchase option at the end of the lease term based on the fair market value of the equipment. The related copier equipment has an estimated useful life of five years. Lease payments are made from the General Fund.

On February 7, 2022, the District entered into a five-year lease agreement with De Lage Landen for copiers. The initial lease liability was \$284,784, with an interest rate of 5.84 percent. At June 30, 2026, the outstanding lease liability was \$74,031. The right-to-use asset had a carrying value of \$59,045, net of accumulated amortization of \$225,739.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 6 – LONG-TERM LIABILITIES (CONT'D)

General Obligation Bonds and Debt Certificates

The following is a summary of the District's general obligation bonds and debt certificates outstanding at June 30, 2026, or issued during the year then ended:

<u>Purpose and Terms</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Carrying Amount</u>
Series 2019A General Obligation Limited Tax Working Cash Bonds — Dated February 13, 2019; annual installments through December 15, 2030; partially refunded during fiscal year 2026.	4.00%	\$ 2,775,000	\$ 1,080,000
Series 2019B General Obligation Limited Tax Refunding Bonds — Dated February 13, 2019; annual installments through December 15, 2026.	3.46%–3.56%	1,315,000	510,000
Series 2021 General Obligation Limited Tax School Bonds — Dated June 9, 2021; originally due in annual installments through December 15, 2031; partially refunded during fiscal year 2026.	4.00%	2,660,000	1,980,000
Series 2022 General Obligation Limited Tax School Bonds — Dated November 2, 2022; originally due in annual installments through December 15, 2032; fully refunded in FY 2026.	3.48%	2,485,000	-
Series 2025 General Obligation Debt Certificates — Issued during fiscal year 2026 and fully repaid from proceeds of the Series 2025A bond issuance.	5.00%	16,545,000	-
Series 2025A General Obligation Limited Tax School Bonds — Issued October 3, 2025; due in annual installments through October 1, 2055.	4.75%–5.00%	20,445,000	20,445,000
Series 2025B General Obligation Limited Tax Refunding Bonds — Issued October 3, 2025; due in annual installments through December 15, 2035.	4.25%–4.70%	2,280,000	2,280,000
Total		<u>\$ 48,505,000</u>	<u>\$ 26,295,000</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 6 – LONG-TERM LIABILITIES (CONT'D)

Summary

The following is a summary of changes in long-term liabilities of the District for the year ended June 30, 2026:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Leases	\$ 122,784	\$ -	\$ 48,753	\$ 74,031	\$ 74,031
Bonds and debt certificates	9,180,000	39,270,000	22,155,000	26,295,000	1,025,000
Unamortized bond premium	352,427	477,037	116,816	712,648	43,414
Net compensated absences	52,160	-	5,712	46,448	4,083
Net pensions*	1,530,709	-	525,942	1,004,767	-
Net other post- employment benefits (OPEB)	3,323,746	375,355	-	3,699,101	-
Totals	\$ 14,561,826	\$ 40,122,392	\$ 22,852,223	\$ 31,831,995	\$ 1,146,528

*The District also reported a net pension asset of \$530,521 at June 30, 2026, which is excluded from the long-term liabilities presented above.

Annual Debt Service Requirements

As of June 30, 2026, the annual debt service requirements to service all leases are:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 74,031	\$ 4,322	\$ 78,353
Totals	\$ 74,031	\$ 4,322	\$ 78,353

As of June 30, 2026, the annual debt service requirements to service all bonds are:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 1,025,000	\$ 1,233,093	\$ 2,258,093
2028	990,000	1,193,915	2,183,915
2029	365,000	1,166,815	1,531,815
2030	415,000	1,151,215	1,566,215
2031	465,000	1,133,615	1,598,615
2032–2036	3,150,000	5,302,744	8,452,744
2037–2041	2,935,000	4,476,065	7,411,065
2042–2046	3,300,000	3,794,690	7,094,690
2047–2051	5,415,000	2,717,565	8,132,565
2052–2056	8,235,000	1,028,336	9,263,336
Totals	\$ 26,295,000	\$ 23,198,053	\$ 49,493,053

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 6 – LONG-TERM LIABILITIES (CONT'D)

Capitalized Interest Fund

In connection with the issuance of the Series 2025A General Obligation Bonds, the District deposited \$1,538,360 of bond proceeds into a capitalized interest fund held by the bond trustee to provide for scheduled interest payments during the construction and initial development period of the project. Of this amount, \$393,431 was applied to interest payments during fiscal year 2026, with the remaining \$876,373 and \$268,556 scheduled to fund interest payments in fiscal years 2027 and 2028, respectively. These amounts represent debt service funded from bond proceeds rather than future operating revenues of the District.

Advance Refunding

During the fiscal year ended June 30, 2026, the District issued refunding bonds to partially refund its Series 2019A and Series 2021 bonds and fully refund its Series 2022 bonds. Proceeds totaling \$6,184,654 were deposited into an irrevocable escrow trust to provide for future debt service payments on the refunded bonds. Accordingly, the refunded bonds are considered defeased, and the related liabilities have been removed from the District's financial statements.

The amount deposited into escrow exceeded the net carrying amount of the refunded debt by \$1,549,654, which is reported as a deferred outflow of resources for the deferred charge on refunding and is being amortized over the shorter of the remaining life of the refunded debt or the life of the refunding debt. The refunding resulted in an economic loss of \$516,014.

Defeased Debt

During fiscal year 2026, the District defeased certain outstanding general obligation bonds by placing proceeds of the refunding bonds in an irrevocable escrow account to provide for future debt service payments on the refunded bonds. Accordingly, the escrow account assets and the related liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2026, \$2,180,000 of defeased bonds remained outstanding.

Legal Debt Margin

Based on the 2025 equalized assessed valuation of \$877,063,403, the District's statutory debt limit of 6.9% was \$60,517,375. At June 30, 2026, outstanding debt subject to the legal debt limit totaled \$26,369,031, leaving an available legal debt margin of \$34,148,344.

NOTE 7 – RETIREMENT SYSTEMS

A. Illinois Municipal Retirement Fund (IMRF)

IMRF Plan Description

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Benefits Provided

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

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2025, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	93
Inactive Plan Members entitled to but not yet receiving benefits	120
Active Plan Members	<u>82</u>
Total	<u><u>295</u></u>

Contributions

As required by statute, Regular Plan members contribute 4.5% of their annual covered salaries to IMRF, while employers contribute the amounts necessary to fund retirement benefits. The District's required contribution rate for calendar year 2025 was 7.24%, with total contributions of \$264,235 for the fiscal year ended June 30, 2026. Employer contributions also fund disability, death, and supplemental retirement benefits, with rates established by the IMRF Board of Trustees or statute.

Net Pension Liability/(Asset)

The employer's net pension liability/(asset) was measured as of December 31, 2025. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability/(asset) at December 31, 2025:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.
- For Non-Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.
- For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- For Active Members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Return 12/31/2025	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	32.50%	14.44%	4.85%	7.35%
International Equities	18.00%	32.71%	4.95%	7.45%
Fixed Income	24.00%	7.50%	2.25%	4.75%
Real Estate	10.50%	2.33%	3.75%	6.25%
Alternatives	14.00%	15.24%		
Private Equity		N/A	6.00%	8.50%
Hedge Funds		N/A	N/A	N/A
Commodities		N/A	1.40%	3.90%
Cash Equivalents	1.00%	4.35%	0.50%	3.00%
Total	100.00%			

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability/(asset). The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments while fiduciary net position is sufficient to pay benefits; and
2. The 20-year AA-rated tax-exempt municipal bond rate when fiduciary net position is not sufficient to pay benefits.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.83%; and the resulting single discount rate is 7.25%.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table shows the plan's net pension liability/(asset), using a Single Discount Rate as well as rates that are either one percentage point higher or lower.

	1% Decrease (6.25%)	Current Single Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 1,323,913	\$ (530,521)	\$ (2,033,800)

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

For the year ended June 30, 2026, the employer recognized pension expense of \$913,671. At June 30, 2026, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 20,164	\$ 241,312
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,032,864
Total deferred amounts to be recognized in pension expense in future periods	20,164	1,274,176
<i>Pension contributions made subsequent to the measurement date</i>	130,590	-
Total	\$ 150,754	\$ 1,274,176

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

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2026	\$ 31,489
2027	(569,616)
2028	(405,059)
2029	(310,826)
2030	-
Thereafter	-
Total	<u>\$ (1,254,012)</u>

B. Teachers' Retirement System (TRS) of the State of Illinois

General Information about the Pension Plan

Plan Description

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

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

Benefits Provided

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

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

Essentially all Tier I retirees receive an annual 3 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. Public Act 100-0587, as subsequently amended, established temporary benefit buyout programs for eligible TRS members. During 2026, the programs were extended through June 30, 2028. One program allows retiring Tier I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

The State of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the system up to 90 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, 2026, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2026, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$5,644,855 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, 2026, were \$75,283, and are deferred because they were paid after the June 30, 2025, measurement date.

Federal and special trust fund contributions

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

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

For the year ended June 30, 2026, the employer pension contribution was 10.34 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2026, salaries totaling \$64,746 were paid from federal and special trust funds that required employer contributions of \$6,694. These contributions are deferred because they were paid after the June 30, 2025, measurement date.

Employer retirement contributions

Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is 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.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

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, 2026, the employer paid \$7,220 to TRS for employer contributions due on salary increases in excess of 6 percent, \$-0- for excess of governor's statutory salary contributions, and \$-0- for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2026, the employer 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 employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,004,767
State's proportionate share of the net pension liability associated with the employer	<u>80,741,145</u>
Total	<u><u>\$ 81,745,912</u></u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2025, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2025, the employer's proportion was 0.0011855445 percent and at June 30, 2024, the employer's proportion was 0.0011648491 percent.

For the year ended June 30, 2026, the District recognized the following TRS pension expense and revenue pertaining to the District's employees:

	<u>Governmental Activities</u>	<u>General Fund</u>
State on-behalf contributions - TRS pension revenue and expense	\$ 5,644,855	\$ 6,156,580
District TRS pension expense (revenue)	26,900	81,977

As of June 30, 2026, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in pension expense in future periods</i>		
Differences between expected and actual experience	\$ 2,804	\$ 1,609
Changes of assumptions	10,427	194
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,585	38,111
Net difference between projected and actual earnings on pension plan investments	-	14,342
Total deferred amounts to be recognized in pension expense in future periods	38,816	54,256
<i>Pension contributions made subsequent to the measurement date</i>	81,977	-
Total	\$ 120,793	\$ 54,256

\$81,977 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2027	\$ (17,311)
2028	(2,889)
2029	2,187
2030	1,239
2031	1,334
Total	\$ (15,440)

Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Mortality	PubT-2010 mortality tables, reflecting adjustments for TRS experience, with generational improvement based on the 2024 Adjusted Scale MP-2021

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method that develops expected future real rates of return for each major asset class. These rates are weighted by the target asset allocation and combined with expected inflation to determine the long-term expected rate of return. The target allocations and estimated real rates of return used by the actuary are summarized below:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00%	4.59%
Private Equity	15.00%	7.93%
Public Income	15.00%	3.52%
Private Credit	8.00%	6.70%
Real Estate	16.00%	4.76%
Infra/Other Real Assets	2.00%	5.38%
Diversifying Strategies	6.00%	2.83%
Cash Equivalents	1.00%	0.25%
Total	<u>100.00%</u>	

The 2025 capital market assumption and TRS's current target asset allocation were provided by RVK, TRS investment consultant.

Discount Rate

At June 30, 2025, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2024, rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutory-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2025, was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially-funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table shows the plan's net pension liability, using a Single Discount Rate as well as rates that are either one percentage point higher or lower.

	<u>1% Decrease (6.00%)</u>	<u>Current Single Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability/(Asset)	<u>\$ 1,249,945</u>	<u>\$ 1,004,767</u>	<u>\$ 801,323</u>

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2025, is available in the separately issued *TRS Annual Comprehensive Financial Report*.

A. Aggregate Pension Amounts

For the year ended June 30, 2026, aggregate pension amounts are as follows:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 – RETIREMENT SYSTEMS (CONT'D)

	IMRF	TRS	Total
Deferred Outflows of Resources	\$ 150,754	\$ 120,793	\$ 271,547
Net Pension Liability/(Asset)	(530,521)	1,004,767	474,246
Deferred Inflows of Resources	1,274,176	54,256	1,328,432
Pension Expense/(Revenue), Net of State Support	913,671	26,900	940,571

B. Social Security/Medicare

Employees not covered by TRS or IMRF are classified as nonparticipating employees. Both nonparticipating and IMRF-covered employees are subject to Social Security and Medicare.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

A. Teachers' Health Insurance Security (THIS) Fund

General Information about the Plan

Plan Description

The employer participates in the Teachers' 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.

Benefits Provided

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, 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.

Contributions

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

The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 0.90 percent of pay during the year ended June 30, 2026. State of Illinois contributions were \$1,147,526 and the employer recognized revenue and expenditures of this amount during the year.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Contributions to THIS

State contributions are intended to match contributions to the THIS Fund from active members which were 0.90 percent of pay during the year ended June 30, 2026. State of Illinois contributions were \$116,823.

Employer contributions to THIS

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.67 percent during the year ended June 30, 2026. For the year ended June 30, 2026, the employer paid \$86,968 to the THIS Fund, which was 100 percent of the required contribution. The contributions are deferred because they were paid after the June 30, 2025, measurement date.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2026, the employer reported a liability for its proportionate share of the net OPEB liability (first amount shown below). The state's support and total are for disclosure purposes only. The amount recognized by the employer as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the employer were as follows:

Employer's proportionate share of the net OPEB liability	\$ 3,699,101
State's proportionate share of the net OPEB liability associated with the employer	<u>5,018,049</u>
Total	<u><u>\$ 8,717,150</u></u>

The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2025. The employer's proportion of the net OPEB liability was based on the employer's share of contributions to OPEB for the measurement year ended June 30, 2025, relative to the projected contributions of all participating OPEB employers and the state during that period. At June 30, 2025, the employer's proportion was 0.041173 percent and at June 30, 2024, was 0.042017 percent.

For the year ended June 30, 2026, the District recognized the following OPEB expense and revenue pertaining to the District's employees:

	<u>Governmental Activities</u>	<u>General Fund</u>
State on-behalf contributions -THIS OPEB revenue and expense	\$ 1,147,526	\$ 116,823
District THIS OPEB expense (revenue)	(881,714)	(86,968)

As of June 30, 2026, the employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred amounts to be recognized in OPEB expense in future periods</i>		
Differences between expected and actual experience	\$ 377,035	\$ 1,110,098
Changes of assumptions	85,204	3,914,509
Changes in proportion and differences between employer contributions and proportionate share of contributions	104,543	486,577
Net difference between projected and actual earnings on OPEB plan investments	-	5,948
Total deferred amounts to be recognized in OPEB expense in future periods	566,782	5,517,132
<i>OPEB contributions made subsequent to the measurement date</i>	86,968	-
Total	\$ 653,750	\$ 5,517,132

\$86,968 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the reporting year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2027	\$ (1,227,419)
2028	(1,211,456)
2029	(1,114,646)
2030	(857,155)
2031	(625,637)
Thereafter	85,961
Total	\$ (4,950,352)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.25 percent
Salary increases	varies by amount of service credit
Investment rate of return	2.75 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	based on actual premium increases
Mortality	PubT-2010 mortality tables, reflecting adjustments for TRS experience, with generational improvement based on the 2024 Adjusted Scale MP-2021

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (CONT'D)

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Since THIS is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). The discount rates are 3.97 percent as of June 30, 2024, and 5.20 percent as of June 30, 2025.

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

The following table shows the plan's net OPEB liability, using a Single Discount Rate as well as rates that are either one percentage point higher or lower.

	1% Decrease (4.20%)	Current Single Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB Liability/(Asset)	<u>\$ 4,133,636</u>	<u>\$ 3,699,101</u>	<u>\$ 3,324,521</u>

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate

The following table shows the plan's net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower.

	1% Decrease	Healthcare Cost Trend Rates Assumption	1% Increase
Net OPEB Liability/(Asset)	<u>\$ 3,209,798</u>	<u>\$ 3,699,101</u>	<u>\$ 4,294,629</u>

Further information on the THIS Fund

The THIS Fund's financial reports are publicly available through the Illinois Auditor General's website under "Central Management Services."

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 9 – INTERFUND LOANS AND TRANSFERS

Interfund Loans

Interfund loans represent amounts provided by one fund to another with the expectation of repayment. Interfund loans are reported as interfund receivables (due from other funds) in the lending fund and interfund payables (due to other funds) in the borrowing fund. Interfund loans are eliminated in the government-wide financial statements.

At June 30, 2026, the District had no outstanding interfund loans.

Interfund Transfers

Interfund transfers represent transfers of financial resources between funds that are not expected to be repaid. Transfers are generally used to finance activities or obligations that are accounted for in a fund other than the fund receiving the underlying revenues. Interfund transfers are reported as other financing sources in the receiving fund and other financing uses in the transferring fund and are eliminated in the government-wide financial statements.

During the fiscal year ended June 30, 2026, the District reported interfund transfers totaling \$17,659,896. The Capital Projects Fund transferred \$16,545,000 to the Debt Service Fund for repayment of the Series 2025 General Obligation Debt Certificates and \$114,896 for related interest payments. Additionally, the Capital Projects Fund transferred \$1,000,000 to the Operations and Maintenance Fund for operational purposes.

NOTE 10 – COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures, which have been approved by the School Board.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to manage these risks of loss. During fiscal year 2026 there was no significant reduction in insurance coverage for any category.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 – JOINT AGREEMENTS

The District is a member of the Northwest Suburban Special Education Organization (NSSEO), a joint agreement established to provide special education programs and services to participating school districts. Member districts share financial responsibility for annual and special assessments as established by NSSEO's governing board.

NOTE 13 – CONTINGENCIES

The District is subject to various laws, regulations, and contractual agreements, and other matters arising in the ordinary course of operations. At June 30, 2026, the District had outstanding construction commitments as disclosed in Note 14. Management is not aware of any claims, litigation, or other contingencies that are expected to have a material effect on the District's financial statements.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 14 – CONSTRUCTION COMMITMENTS

At June 30, 2026, the District had outstanding construction contracts totaling \$13,273,674, of which \$347,756 had been paid through year-end, leaving remaining contractual commitments of \$12,925,918.

NOTE 15 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2026, the District implemented GASB Statement No. 103, Financial Reporting Model Improvements. The implementation resulted in changes to the presentation of certain financial statement information, including management's discussion and analysis, to conform with the updated financial reporting requirements.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2026, the date the financial statements were available to be issued. No events or transactions occurring subsequent to June 30, 2026, were identified that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

Calendar year ending December 31,	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 337,681	\$ 317,709	\$ 322,539	\$ 317,205
Interest on the total pension liability	1,338,035	1,286,481	1,247,784	1,197,437
Difference between expected and actual experience	(438,817)	233,760	81,790	208,910
Changes of assumptions	-	-	(33,492)	-
Benefit payments	<u>(1,156,751)</u>	<u>(1,116,937)</u>	<u>(1,047,962)</u>	<u>(1,015,594)</u>
Net change in pension liability	80,148	721,013	570,659	707,958
Total pension liability - beginning	<u>18,865,194</u>	<u>18,144,181</u>	<u>17,573,522</u>	<u>16,865,564</u>
Total pension liability - ending (A)	<u>\$ 18,945,342</u>	<u>\$ 18,865,194</u>	<u>\$ 18,144,181</u>	<u>\$ 17,573,522</u>
Plan fiduciary net position				
Contributions - employer	\$ 269,802	\$ 281,651	\$ 270,306	\$ 311,326
Contributions - employees	167,694	165,678	155,366	151,456
Net investment income	2,818,958	1,691,460	1,722,652	(2,364,422)
Benefit payments	(1,156,751)	(1,116,937)	(1,047,962)	(1,015,594)
Other (net transfer)	<u>(858,531)</u>	<u>92,267</u>	<u>552,354</u>	<u>113,130</u>
Net change in plan fiduciary net position	1,241,172	1,114,119	1,652,716	(2,804,104)
Plan fiduciary net position - beginning	<u>18,234,691</u>	<u>17,120,572</u>	<u>15,467,856</u>	<u>18,271,960</u>
Plan fiduciary net position - ending (B)	<u>\$ 19,475,863</u>	<u>\$ 18,234,691</u>	<u>\$ 17,120,572</u>	<u>\$ 15,467,856</u>
Net pension liability/(asset) - ending (A) - (B)	<u>\$ (530,521)</u>	<u>\$ 630,503</u>	<u>\$ 1,023,609</u>	<u>\$ 2,105,666</u>
Plan fiduciary net position as a percentage of total pension liability	102.80%	96.66%	94.36%	88.02%
Covered valuation payroll	\$ 3,726,545	\$ 3,681,717	\$ 3,454,688	\$ 3,365,683
Net pension liability as a percentage of covered valuation payroll	-14.24%	17.13%	29.63%	62.56%

2021	2020	2019	2018	2017	2016
\$ 291,057 1,133,517	\$ 291,912 1,089,960	\$ 306,987 1,047,019	\$ 281,601 1,018,520	\$ 297,039 976,666	\$ 289,202 926,374
424,134 - (944,669)	250,623 (109,553) (898,774)	- 155,134 (919,869)	(1,066) 369,609 (720,086)	460,552 (451,717) (713,449)	111,719 (42,210) (622,661)
904,039 15,961,525	624,168 15,337,357	589,271 14,748,086	948,578 13,799,508	569,091 13,230,417	662,424 12,567,993
<u>\$ 16,865,564</u>	<u>\$ 15,961,525</u>	<u>\$ 15,337,357</u>	<u>\$ 14,748,086</u>	<u>\$ 13,799,508</u>	<u>\$ 13,230,417</u>
\$ 352,284 142,562 2,721,209 (944,669) 86,261	\$ 333,289 134,390 2,062,985 (898,774) 129,799	\$ 282,379 130,328 2,291,161 (919,869) 106,104	\$ 308,750 129,923 (733,240) (720,086) 133,554	\$ 301,215 120,700 2,017,832 (713,449) (114,527)	\$ 287,072 116,815 752,442 (622,661) 70,085
2,357,647 15,914,313	1,761,689 14,152,624	1,890,103 12,262,521	(881,099) 13,143,620	1,611,771 11,531,849	603,753 10,928,096
<u>\$ 18,271,960</u>	<u>\$ 15,914,313</u>	<u>\$ 14,152,624</u>	<u>\$ 12,262,521</u>	<u>\$ 13,143,620</u>	<u>\$ 11,531,849</u>
<u>\$ (1,406,396)</u>	<u>\$ 47,212</u>	<u>\$ 1,184,733</u>	<u>\$ 2,485,565</u>	<u>\$ 655,888</u>	<u>\$ 1,698,568</u>
108.34%	99.70%	92.28%	83.15%	95.25%	87.16%
\$ 3,168,022	\$ 2,986,463	\$ 2,896,199	\$ 2,850,879	\$ 2,682,232	\$ 2,533,735
-44.39%	1.58%	40.91%	87.19%	24.45%	67.04%

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)
MOST RECENT CALENDAR YEARS

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2025	\$ 269,802	\$ 269,802	\$ -	\$ 3,726,545	7.24%
2024	281,651	281,651	-	3,681,717	7.65%
2023	270,502	270,306	196	3,454,688	7.82%
2022	311,326	311,326	-	3,365,683	9.25%
2021	352,284	352,284	-	3,168,022	11.12%
2020	333,289	333,289	-	2,986,463	11.16%
2019	282,379	282,379	-	2,896,199	9.75%
2018	308,750	308,750	-	2,850,879	10.83%
2017	301,215	301,215	-	2,682,232	11.23%
2016	287,072	287,072	-	2,533,735	11.33%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2025 Contribution Rate*

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2025 Contribution Rates

<i>Actuarial Cost Method</i>	Aggregate entry age normal
<i>Amortization Method</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period</i>	18-year closed period
<i>Asset Valuation Method</i>	5-year smoothed market; 20% corridor
<i>Wage Growth</i>	2.75%
<i>Price Inflation</i>	2.25%
<i>Salary Increases</i>	2.85% to 13.75%, including inflation
<i>Investment Rate of Return</i>	7.25%
<i>Retirement Age</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2023 valuation pursuant to an experience study of the period 2020 to 2022.
<i>Mortality</i>	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2023 actuarial valuation

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM (TRS) OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEARS

Fiscal year ended June 30,*	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Employer's proportion of the net pension liability	0.001186%	0.001165%	0.001144%	0.001147%
Employer's proportionate share of the net pension liability	\$ 1,004,767	\$ 1,000,206	\$ 972,173	\$ 961,590
State's proportionate share of the net pension liability associated with the employer	<u>80,741,145</u>	<u>83,395,720</u>	<u>83,898,993</u>	<u>83,411,593</u>
Total	<u>\$ 81,745,912</u>	<u>\$ 84,395,926</u>	<u>\$ 84,871,166</u>	<u>\$ 84,373,183</u>
Employer's covered-employee payroll	\$ 12,839,151	\$ 12,515,847	\$ 11,990,608	\$ 11,735,327
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.83%	7.99%	8.11%	8.19%
Plan fiduciary net position as a percentage of the total pension liability	47.70%	45.40%	43.90%	42.80%

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

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.001225%	0.001459%	0.001582%	0.001217%	0.002185%	0.001693%
\$ 955,894	\$ 1,258,111	\$ 1,283,010	\$ 948,773	\$ 1,669,293	\$ 1,336,513
<u>80,114,099</u>	<u>98,541,827</u>	<u>91,310,441</u>	<u>64,994,909</u>	<u>76,602,878</u>	<u>71,977,890</u>
<u>\$ 81,069,993</u>	<u>\$ 99,799,938</u>	<u>\$ 92,593,451</u>	<u>\$ 65,943,682</u>	<u>\$ 78,272,171</u>	<u>\$ 73,314,403</u>
\$ 10,985,442	\$ 10,645,787	\$ 10,446,581	\$ 10,394,510	\$ 9,919,360	\$ 9,669,897
8.70%	11.82%	12.28%	9.13%	16.83%	13.82%
45.10%	37.80%	39.60%	40.00%	39.30%	36.40%

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM (TRS) OF THE STATE OF ILLINOIS
MOST RECENT FISCAL YEARS

Fiscal year ending June 30,	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually-required contribution	\$ 81,977	\$ 79,849	\$ 78,210	\$ 92,865
Contributions in relation to the contractually-required contribution	<u>81,977</u>	<u>79,845</u>	<u>78,287</u>	<u>92,868</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ (77)</u>	<u>\$ (3)</u>
Employer's covered-employee payroll	\$ 12,980,351	\$ 12,839,151	\$ 12,515,847	\$ 11,990,608
Contributions as a percentage of covered-employee payroll	0.63%	0.62%	0.62%	0.77%

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 94,633	\$ 69,712	\$ 71,916	\$ 63,768	\$ 63,768	\$ 76,086
<u>94,634</u>	<u>69,535</u>	<u>72,312</u>	<u>60,530</u>	<u>82,359</u>	<u>68,424</u>
<u>\$ (1)</u>	<u>\$ 177</u>	<u>\$ (396)</u>	<u>\$ 3,238</u>	<u>\$ (18,591)</u>	<u>\$ 7,662</u>
\$ 11,735,327	\$ 10,985,442	\$ 10,883,522	\$ 10,645,787	\$ 10,446,581	\$ 10,394,510
0.81%	0.63%	0.66%	0.60%	0.61%	0.73%

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET THIS LIABILITY
OTHER POST-EMPLOYMENT BENEFITS (OPEB) - TEACHERS HEALTH INSURANCE SECURITY (THIS) FUND
MOST RECENT FISCAL YEARS

Fiscal year ending June 30,*	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Employer's proportion of the net THIS liability	0.0412%	0.0420%	0.0429%	0.0425%
Employer's proportionate share of the net THIS liability	\$ 3,699,101	\$ 3,323,746	\$ 3,056,688	\$ 2,910,707
State's proportionate share of the net THIS liability	<u>5,018,049</u>	<u>4,513,797</u>	<u>4,133,616</u>	<u>3,959,731</u>
Total	<u>\$ 8,717,150</u>	<u>\$ 7,837,543</u>	<u>\$ 7,190,304</u>	<u>\$ 6,870,438</u>
Employer's covered-employee payroll	\$ 12,839,151	\$ 12,515,847	\$ 11,990,608	\$ 11,735,327
Employer's proportionate share of the net THIS liability	28.81%	26.56%	25.49%	24.80%
Plan fiduciary net position as a percentage of the total	8.03%	7.43%	6.21%	5.24%

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

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

<u>2022</u>	<u>2021</u>
0.0423%	0.0430%
\$ 9,337,581	\$ 11,501,561
<u>12,660,397</u>	<u>15,581,483</u>
<u>\$ 21,997,978</u>	<u>\$ 27,083,044</u>
\$ 10,985,442	\$ 10,883,522
85.00%	105.68%
1.40%	0.70%

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) - TEACHERS' HEALTH INSURANCE SECURITY (THIS) FUND
 MOST RECENT FISCAL YEARS

Fiscal year ending June 30,	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually-required contribution	\$ 86,968	\$ 86,022	\$ 83,856	\$ 80,337
Contributions in relation to the contractually-required contribution	<u>86,968</u>	<u>86,022</u>	<u>83,856</u>	<u>80,337</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 12,980,351	\$ 12,839,151	\$ 12,515,847	\$ 11,990,608
Contributions as a percentage of covered-employee payroll	0.67%	0.67%	0.67%	0.67%

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

<u>2022</u>	<u>2021</u>
\$ 78,627	\$ 101,066
<u>78,627</u>	<u>101,066</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 11,735,327	\$ 10,985,442
0.67%	0.92%

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
General tax levy	\$ 19,041,868	\$ 19,346,123	\$ 304,255
Corporate replacement taxes	150,000	108,663	(41,337)
Investment income	255,000	173,329	(81,671)
Sales to pupils - lunch	225,000	286,489	61,489
Admissions - other	2,000	-	(2,000)
Fees	62,000	53,937	(8,063)
Book store sales	19,000	13,617	(5,383)
Student activities	-	90,795	90,795
Rentals - regular textbooks	220,000	219,079	(921)
Sales - other	25,000	12,581	(12,419)
Rentals	25,000	-	(25,000)
Contributions and donations	-	12,993	12,993
Refund of prior years' expenditures	15,000	8,038	(6,962)
Other local fees	455,000	340,813	(114,187)
Other	5,000	34,819	29,819
Total Local Sources	20,499,868	20,701,276	201,408
State Sources			
Evidence based funding formula	1,950,000	1,973,032	23,032
Special education - private facility tuition	25,000	63,079	38,079
CTE - secondary program improvement (CTEI)	1,500	1,328	(172)
State free lunch and breakfast	5,000	2,896	(2,104)
Other	4,000	3,295	(705)
Total State Sources	1,985,500	2,043,630	58,130
Federal Sources			
National school lunch program	300,000	244,432	(55,568)
School breakfast program	75,000	77,307	2,307
Non-cash food commodities	-	37,052	37,052
Title I - low Income	187,254	171,437	(15,817)
Title IV - student support and academic enrichment	10,198	12,590	2,392
Special education - pre-school flow-through	20,335	12,104	(8,231)
Special education - IDEA flow-through	356,687	356,981	294
Title III - english language acquisition	72,399	64,814	(7,585)
Title II - teacher quality	49,322	43,314	(6,008)
Medicaid matching funds - administrative outreach	75,000	92,323	17,323
Medicaid matching funds fee-for-service program	200,000	269,909	69,909
Total Federal Sources	1,346,195	1,382,263	36,068
Total Revenues	23,831,563	24,127,169	295,606

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Instruction			
Regular Programs			
Salaries	\$ 6,663,746	\$ 6,613,430	\$ (50,316)
Employee benefits	1,488,763	1,543,491	54,728
Purchased services	48,148	39,656	(8,492)
Supplies and materials	414,392	381,692	(32,700)
Other	2,550	1,549	(1,001)
Total	8,617,599	8,579,818	(37,781)
Tuition Payments to Charter Schools			
Purchased services	6,782	-	(6,782)
Total	6,782	-	(6,782)
Special Education Programs			
Salaries	2,155,817	2,156,663	846
Employee benefits	760,042	698,445	(61,597)
Purchased services	37,000	43,686	6,686
Supplies and materials	67,000	42,463	(24,537)
Capital outlay	5,000	-	(5,000)
Other	1,950	790	(1,160)
Total	3,026,809	2,942,047	(84,762)
Special Education Programs Pre-K			
Salaries	330,622	329,515	(1,107)
Employee benefits	117,630	107,475	(10,155)
Purchased services	34,000	27,193	(6,807)
Supplies and materials	8,250	5,045	(3,205)
Capital outlay	5,000	-	(5,000)
Other	150	-	(150)
Non-capitalized equipment	-	3,860	3,860
Total	495,652	473,088	(22,564)
Remedial and Supplemental Programs			
Salaries	43,200	40,591	(2,609)
Purchased services	24,472	36,740	12,268
Total	67,672	77,331	9,659

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Instruction			
CTE Programs			
Salaries	\$ 219,146	\$ 219,146	\$ -
Employee benefits	41,007	42,057	1,050
Supplies and materials	2,200	4,127	1,927
Total	262,353	265,330	2,977
Interscholastic Programs			
Salaries	174,260	181,072	6,812
Purchased services	6,800	10,698	3,898
Supplies and materials	1,000	748	(252)
Capital outlay	5,000	-	(5,000)
Other	2,500	4,043	1,543
Total	189,560	196,561	7,001
Summer School Programs			
Salaries	147,500	97,511	(49,989)
Employee benefits	-	756	756
Purchased services	20,000	7,819	(12,181)
Supplies and materials	2,500	2,758	258
Total	170,000	108,844	(61,156)
Bilingual Programs			
Salaries	771,562	761,152	(10,410)
Employee benefits	218,654	215,993	(2,661)
Supplies and materials	100	-	(100)
Total	990,316	977,145	(13,171)
Special Education Programs - Private Tuition			
Other	100,000	141,198	41,198
Total	100,000	141,198	41,198
Student activities			
Other	-	87,802	87,802
Total	-	87,802	87,802
Total Instruction	13,926,743	13,849,164	(77,579)

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Support Services			
Attendance and Social Work Services			
Salaries	\$ 459,715	\$ 434,880	\$ (24,835)
Employee benefits	107,791	110,589	2,798
Purchased services	46,600	75,115	28,515
Supplies and materials	1,500	979	(521)
Other	500	-	(500)
Total	616,106	621,563	5,457
Health Services			
Salaries	717,900	693,309	(24,591)
Employee benefits	225,772	232,686	6,914
Purchased services	58,450	159,356	100,906
Supplies and materials	14,000	6,311	(7,689)
Capital outlay	28,000	-	(28,000)
Other	1,050	576	(474)
Non-capitalized equipment	-	14,317	14,317
Total	1,045,172	1,106,555	61,383
Psychological Services			
Salaries	474,300	474,300	-
Employee benefits	154,316	114,087	(40,229)
Purchased services	3,000	1,584	(1,416)
Supplies and materials	750	356	(394)
Other	1,500	575	(925)
Total	633,866	590,902	(42,964)
Speech Pathology and Audiology Services			
Salaries	510,948	510,948	-
Employee benefits	60,638	72,666	12,028
Purchased services	3,750	950	(2,800)
Supplies and materials	3,900	1,827	(2,073)
Capital outlay	5,000	-	(5,000)
Other	2,450	500	(1,950)
Total	586,686	586,891	205

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Support Services			
Other Support Services - Pupils			
Purchased services	\$ 60,000	\$ 49,871	\$ (10,129)
Total	60,000	49,871	(10,129)
Improvement of Instruction Services			
Salaries	407,254	509,769	102,515
Employee benefits	72,814	65,418	(7,396)
Purchased services	30,341	25,223	(5,118)
Supplies and materials	5,630	967	(4,663)
Other	1,214	1,214	-
Total	517,253	602,591	85,338
Educational Media Services			
Salaries	828,954	827,570	(1,384)
Employee benefits	229,095	231,570	2,475
Purchased services	380,200	242,538	(137,662)
Supplies and materials	211,500	224,764	13,264
Capital outlay	100,000	230,255	130,255
Other	1,000	1,148	148
Non-capitalized equipment	-	14,031	14,031
Total	1,750,749	1,771,876	21,127
Assessment and Testing			
Purchased services	19,100	18,560	(540)
Supplies and materials	1,500	-	(1,500)
Total	20,600	18,560	(2,040)
Board of Education Services			
Purchased services	70,500	63,022	(7,478)
Supplies and materials	2,500	3,739	1,239
Other	4,500	6,043	1,543
Total	77,500	72,804	(4,696)

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Support Services			
Executive Administration Services			
Salaries	\$ 291,647	\$ 289,147	\$ (2,500)
Employee benefits	81,393	88,773	7,380
Purchased services	2,250	4,829	2,579
Supplies and materials	21,000	25,496	4,496
Other	3,000	2,455	(545)
Total	399,290	410,700	11,410
Tort services			
Purchased services	20,000	24,953	4,953
Total	20,000	24,953	4,953
Risk Management and Claims Services Payments			
Employee benefits	-	539	539
Purchased services	169,681	178,707	9,026
Total	169,681	179,246	9,565
Office of the Principal Services			
Salaries	1,040,922	1,034,168	(6,754)
Employee benefits	334,794	332,530	(2,264)
Purchased services	3,500	3,021	(479)
Supplies and materials	86,987	43,515	(43,472)
Other	3,230	1,902	(1,328)
Total	1,469,433	1,415,136	(54,297)
Direction of Business Services			
Salaries	176,513	176,513	-
Employee benefits	55,693	55,693	-
Purchased services	4,300	8,463	4,163
Other	800	130	(670)
Total	237,306	240,799	3,493

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Support Services			
Fiscal Services			
Salaries	\$ 140,296	\$ 140,296	\$ -
Employee benefits	67,816	67,816	-
Purchased services	31,950	38,695	6,745
Supplies and materials	5,000	3,752	(1,248)
Other	500	200	(300)
Total	245,562	250,759	5,197
Food Services			
Salaries	130,000	119,366	(10,634)
Purchased services	305,400	485,693	180,293
Supplies and materials	3,500	37,346	33,846
Capital outlay	5,000	-	(5,000)
Total	443,900	642,405	198,505
Internal Services			
Purchased services	28,000	28,075	75
Total	28,000	28,075	75
Planning, Research, Development and Evaluation Services			
Purchased services	27,000	26,062	(938)
Total	27,000	26,062	(938)
Information Services			
Purchased services	56,000	47,051	(8,949)
Supplies and materials	1,250	1,167	(83)
Total	57,250	48,218	(9,032)
Staff Services			
Salaries	133,534	133,534	-
Employee benefits	53,336	53,336	-
Purchased services	38,700	40,096	1,396
Supplies and materials	23,000	20,009	(2,991)
Other	5,000	936	(4,064)
Total	253,570	247,911	(5,659)

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Support Services			
Data Processing Services			
Purchased services	\$ 26,000	\$ 31,405	\$ 5,405
Supplies and materials	-	580	580
Total	26,000	31,985	5,985
Other Support Services			
Salaries	3,000	1,797	(1,203)
Purchased services	17,000	28,636	11,636
Supplies and materials	681	-	(681)
Total	20,681	30,433	9,752
Total Support Services	8,705,605	8,998,295	292,690
Community Services			
Salaries	79,255	196,380	117,125
Employee benefits	16,063	15,280	(783)
Purchased services	47,400	39,599	(7,801)
Supplies and materials	9,704	7,286	(2,418)
Total Community Services	152,422	258,545	106,123
Payments to Other Gov't Units			
Payments for Special Education Programs			
Purchased services	250,000	353,231	103,231
Payments for Special Education Programs - Tuition			
Other	580,000	550,395	(29,605)
Total Payments to Other Gov't Units	830,000	903,626	73,626
Total Expenditures	23,614,770	24,009,630	394,860
NET CHANGE IN FUND BALANCE	\$ 216,793	117,539	\$ (99,254)
FUND BALANCE, BEGINNING OF YEAR		3,506,285	
FUND BALANCE, END OF YEAR		\$ 3,623,824	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OPERATIONS AND MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
General tax levy	\$ 1,523,971	\$ 1,554,983	\$ 31,012
Investment income	580,000	561,183	(18,817)
Rentals	120,000	134,076	14,076
Contributions and donations	3,000	-	(3,000)
Impact fees	3,000	-	(3,000)
Refund of prior years' expenditures	1,000,000	463	(999,537)
Payments from other districts	-	48,528	48,528
Total Local Sources	3,229,971	2,299,233	(930,738)
State Sources			
School maintenance project	50,000	50,000	-
Other	525,000	590,718	65,718
Total State Sources	575,000	640,718	65,718
Total Revenues	3,804,971	2,939,951	(865,020)
EXPENDITURES			
Support Services			
Operation and Maintenance of Plant Services			
Salaries	993,120	988,817	(4,303)
Benefits	216,826	206,405	(10,421)
Purchased services	466,000	511,916	45,916
Supplies and materials	390,900	427,771	36,871
Capital outlay	45,000	110,793	65,793
Other	-	100	100
Non-capitalized equipment	5,000	23,341	18,341
Total	2,116,846	2,269,143	152,297
Total Support Services	2,116,846	2,269,143	152,297
Total Expenditures	2,116,846	2,269,143	152,297
EXCESS OF REVENUES OVER EXPENDITURES	1,688,125	670,808	(1,017,317)
OTHER FINANCING SOURCES			
Transfers in	-	1,000,000	1,000,000
Total Other Financing Sources	-	1,000,000	1,000,000

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
OPERATIONS AND MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
NET CHANGE IN FUND BALANCE	<u>\$ 1,688,125</u>	<u>\$ 1,670,808</u>	<u>\$ (17,317)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>819,495</u>	
FUND BALANCE, END OF YEAR		<u>\$ 2,490,303</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
TRANSPORTATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
General tax levy	\$ 1,108,821	\$ 1,170,973	\$ 62,152
Transportation fees	5,000	-	(5,000)
Investment income	50,000	29,440	(20,560)
Refund of prior years' expenditures	50,000	-	(50,000)
Other	-	457	457
Total Local Sources	<u>1,213,821</u>	<u>1,200,870</u>	<u>(12,951)</u>
State Sources			
Transportation aid - regular	625,000	508,905	(116,095)
Transportation aid - special education	<u>400,000</u>	<u>346,707</u>	<u>(53,293)</u>
Total State Sources	<u>1,025,000</u>	<u>855,612</u>	<u>(169,388)</u>
Total Revenues	<u>2,238,821</u>	<u>2,056,482</u>	<u>(182,339)</u>
EXPENDITURES			
Support Services			
Pupil Transportation Services			
Salaries	78,000	55,142	(22,858)
Purchased services	1,761,500	1,759,088	(2,412)
Supplies and materials	<u>100,000</u>	<u>95,196</u>	<u>(4,804)</u>
Total	<u>1,939,500</u>	<u>1,909,426</u>	<u>(30,074)</u>
Other Support Services			
Purchased services	<u>2,500</u>	<u>11,844</u>	<u>9,344</u>
Total	<u>2,500</u>	<u>11,844</u>	<u>9,344</u>
Total Support Services	<u>1,942,000</u>	<u>1,921,270</u>	<u>(20,730)</u>
Payments to Other Gov't Units			
Payments for Special Education Programs			
Purchased services	<u>225,000</u>	<u>141,231</u>	<u>(83,769)</u>
Total Payments to Other Gov't Units	<u>225,000</u>	<u>141,231</u>	<u>(83,769)</u>
Total Expenditures	<u>2,167,000</u>	<u>2,062,501</u>	<u>(104,499)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 71,821</u>	<u>(6,019)</u>	<u>\$ (77,840)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>644,272</u>	
FUND BALANCE, END OF YEAR		<u>\$ 638,253</u>	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
General tax levy	\$ 321,743	\$ 391,729	\$ 69,986
FICA/medicare levy	321,743	391,728	69,985
Corporate replacement taxes	-	6,060	6,060
Investment income	20,000	18,358	(1,642)
Total Local Sources	663,486	807,875	144,389
Federal Sources			
Title I - low income	-	3,250	3,250
Special education - preschool flow-through	-	1,157	1,157
Special education - IDEA flow-through	-	19,475	19,475
Title III - english language acquisition	-	1,044	1,044
Title II - teacher quality	-	36	36
Total Federal Sources	-	24,962	24,962
Total Revenues	663,486	832,837	169,351
EXPENDITURES			
Employee Benefits			
Instruction			
Regular programs	95,367	92,199	(3,168)
Special education programs	135,145	153,655	18,510
Special education programs Pre-K	23,764	-	(23,764)
Remedial and supplemental programs	-	3,105	3,105
CTE programs	3,178	3,004	(174)
Interscholastic programs	3,423	4,600	1,177
Summer school programs	-	5,988	5,988
Bilingual programs	24,794	23,616	(1,178)
Total Instruction	285,671	286,167	496
Support Services			
Attendance and social work services	7,007	6,149	(858)
Health services	106,895	97,797	(9,098)
Psychological services	6,877	6,663	(214)
Speech pathology and audiology services	7,409	7,287	(122)
Improvement of instruction services	6,517	12,791	6,274
Educational media services	45,675	44,440	(1,235)
Executive administration services	11,537	11,286	(251)
Office of the principal services	62,444	57,840	(4,604)
Director of business support services	2,559	2,539	(20)
Fiscal services	20,890	20,094	(796)

(Continued)

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Employee Benefits			
Support Services			
Operation and maintenance of plant services	\$ 139,686	\$ 135,946	\$ (3,740)
Pupil transportation services	-	2,309	2,309
Food services	-	6,035	6,035
Staff services	19,883	19,266	(617)
Other support services	-	217	217
Total Support Services	437,379	430,659	(6,720)
Community Services	8,299	19,247	10,948
Total Expenditures	731,349	736,073	4,724
NET CHANGE IN FUND BALANCES	\$ (67,863)	96,764	\$ 164,627
FUND BALANCE, BEGINNING OF YEAR		364,696	
FUND BALANCE, END OF YEAR		\$ 461,460	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources			
General tax levy	\$ 1,484,092	\$ 1,497,611	\$ 13,519
Investment income	-	32,320	32,320
Total Local Sources	1,484,092	1,529,931	45,839
Total Revenues	1,484,092	1,529,931	45,839
EXPENDITURES			
Debt Service			
Principal	975,000	17,568,753	16,593,753
Interest	1,050,590	670,869	(379,721)
Other	-	400,508	400,508
Total Debt Service	2,025,590	18,640,130	16,614,540
Total Expenditures	2,025,590	18,640,130	16,614,540
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(541,498)	(17,110,199)	(16,568,701)
OTHER FINANCING SOURCES			
Transfers in	-	16,659,896	16,659,896
Bonds issued	4,034,975	-	(4,034,975)
Total Other Financing Sources	4,034,975	16,659,896	12,624,921
NET CHANGE IN FUND BALANCE	\$ 3,493,477	(450,303)	\$ (3,943,780)
FUND BALANCE, BEGINNING OF YEAR		874,725	
FUND BALANCE, END OF YEAR		\$ 424,422	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original and Final Budget	Actual	Variance
REVENUES			
Local Sources			
Investment income	\$ 50,000	\$ 31,413	\$ (18,587)
Total Local Sources	50,000	31,413	(18,587)
Total Revenues	50,000	31,413	(18,587)
EXPENDITURES			
Support Services			
Facilities and Acquisition Services			
Capital outlay	4,500,000	1,112,401	(3,387,599)
Total Support Services	4,500,000	1,112,401	(3,387,599)
Total Expenditures	4,500,000	1,112,401	(3,387,599)
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(4,450,000)	(1,080,988)	3,369,012
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(17,659,896)	(17,659,896)
Bonds issued	15,503,345	39,270,000	23,766,655
Premium on bonds issued	-	477,037	477,037
Payment to bond escrow agent	-	(6,184,654)	(6,184,654)
Total Other Financing Sources (Uses)	15,503,345	15,902,487	399,142
NET CHANGE IN FUND BALANCE	\$ 11,053,345	14,821,499	\$ 3,768,154
FUND BALANCE (DEFICIT), BEGINNING OF YEAR		(96,803)	
FUND BALANCE, END OF YEAR		\$ 14,724,696	

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026

NOTE 1 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

Changes of Assumptions

For the 2025 measurement year, the assumed investment rate of return was 7.25%, and the assumed rate of inflation was 2.25%. Salary increases were assumed to range from 2.85% to 13.75%, including inflation, based on service and other applicable factors. The retirement age assumptions were based on experience-based rates specific to the type of eligibility condition, as last updated for the 2023 valuation pursuant to an experience study covering the period 2020 through 2022.

The actuarial assumptions and methods used in the calculation of the total pension liability were based on the December 31, 2025, IMRF annual actuarial valuation report.

NOTE 2 – TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS (TRS)

Changes of Assumptions

For the 2025 and 2024 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.50 percent and a real rate of return of 4.50 percent. Salary increases were assumed to vary by service credit. These actuarial assumptions were based on an experience study dated Aug. 16, 2024.

For the 2023-2022 and 2020-2016 measurement years, the assumed investment rate of return was 7.0%, including an inflation rate of 2.50% and a real return of 4.50%. For the 2021 measurement year, the assumed investment rate of return was 7.0%, including an inflation rate of 2.25% and a real return of 4.75%. Salary increases were assumed to vary by service credit. The assumptions used for the 2023-2021, 2020-2018 and 2017-2016 measurement years were based on an experience study dated September 30, 2021, September 18, 2018, and August 13, 2015, respectively.

NOTE 3 – TEACHERS' HEALTH INSURANCE SECURITY (THIS) FUND

Changes of Assumptions

Per capita claim costs for plan year end June 30, 2025, were updated based on projected claims and enrollment experience through June 30, 2025, and updated premium rates through plan year 2026; and the healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2024, projected plan cost for plan year ended June 30, 2025, premium changes through plan year end 2026, and expectation of future trend increases after June 30, 2025; and the discount rate was changed from 3.97 percent at June 30, 2024 to 5.20 percent at June 30, 2025.

The salary scale was updated to reflect observed experience; the rates of retirement were updated to reflect observed experience; the rates of termination were updated to reflect observed experience; the rates of disability were updated to reflect observed experience; and the mortality tables were updated to reflect observed experience and use the most recent mortality improvement scales.

NOTE 4 – BUDGETARY INFORMATION

The District follows procedures established by Illinois law and Board of Education policy in adopting its annual budget. The budget is prepared on a basis consistent with generally accepted accounting principles and the budgetary comparison schedules. The original and final budget for the fiscal year ended June 30, 2026, was adopted by the Board of Education on September 18, 2025.

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026

NOTE 4 – BUDGETARY INFORMATION (CONT'D)

The Superintendent submits a proposed operating budget to the Board of Education, which is made available for public inspection and is subject to a public hearing prior to adoption. The Superintendent is authorized to make transfers within individual funds, subject to Illinois law and Board policy, while amendments that increase total budgeted expenditures of a fund require Board approval.

Budgetary Analysis

General Fund

Actual revenues exceeded budgeted amounts by \$295,606, primarily due to higher property tax collections, student activity revenues, and Medicaid reimbursements, partially offset by lower investment income and other local revenues. Expenditures exceeded budgeted amounts by \$394,860, primarily in support services, community services, and payments to other governmental units, partially offset by lower instructional expenditures.

Operations and Maintenance Fund

Actual revenues were \$865,020 below budget, primarily due to anticipated refunds of prior-year expenditures that were not realized. Expenditures exceeded budgeted amounts by \$152,297, primarily in purchased services, supplies, and capital outlay. An unbudgeted \$1,000,000 transfer from the Capital Projects Fund for operational purposes substantially offset the revenue shortfall.

Transportation Fund

Actual revenues were \$182,339 below budget, primarily due to lower-than-anticipated state transportation reimbursements. Expenditures were \$104,499 below budget, primarily due to lower payments for special education transportation programs.

Municipal Retirement/Social Security Fund

Actual revenues exceeded budgeted amounts by \$169,351, primarily due to higher property tax revenues and unbudgeted federal reimbursements. Expenditures were generally consistent with budgeted amounts.

Debt Service Fund

Actual expenditures exceeded budgeted amounts by \$16,614,540, primarily due to the repayment of the Series 2025 General Obligation Debt Certificates and related debt service costs. These expenditures were financed through interfund transfers of \$16,659,896 from the Capital Projects Fund, which were not included in the original budget.

Capital Projects Fund

Actual capital expenditures were \$3,387,599 below budget, reflecting construction expenditures incurred during the fiscal year compared with amounts budgeted for capital improvements. Bond proceeds exceeded budgeted amounts by \$23,766,655, reflecting the issuance of the Series 2025 bonds and debt certificates. Additional unbudgeted financing activities included \$17,659,896 in interfund transfers and \$6,184,654 deposited with the bond escrow agent in connection with the refunding of outstanding debt.

SUPPLEMENTARY INFORMATION

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PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2026

	Educational Account	Working Cash Account	Tort Account	Total General Fund
ASSETS				
Cash and investments	\$ 2,250,249	\$ 1,092,964	\$ -	\$ 3,343,213
Restricted assets				
Cash, restricted for student activities	49,582	-	-	49,582
Receivables (net of allowance for uncollectibles)				
Property taxes	9,486,205	97,735	74,340	9,658,280
Replacement taxes	22,586	-	-	22,586
Intergovernmental	135,607	-	-	135,607
Total Assets	<u>\$ 11,944,229</u>	<u>\$ 1,190,699</u>	<u>\$ 74,340</u>	<u>\$ 13,209,268</u>
LIABILITIES				
Cash overdraft	\$ -	\$ -	\$ 195,257	\$ 195,257
Accounts payable	6,682	-	-	6,682
Payroll deductions payable	107,231	-	-	107,231
Total Liabilities	<u>113,913</u>	<u>-</u>	<u>195,257</u>	<u>309,170</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>9,110,357</u>	<u>93,830</u>	<u>72,087</u>	<u>9,276,274</u>
Total Deferred Inflows of Resources	<u>9,110,357</u>	<u>93,830</u>	<u>72,087</u>	<u>9,276,274</u>
FUND BALANCES (DEFICIT)				
Restricted	49,582	-	-	49,582
Unassigned	<u>2,670,377</u>	<u>1,096,869</u>	<u>(193,004)</u>	<u>3,574,242</u>
Total Fund Balances (Deficit)	<u>2,719,959</u>	<u>1,096,869</u>	<u>(193,004)</u>	<u>3,623,824</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,944,229</u>	<u>\$ 1,190,699</u>	<u>\$ 74,340</u>	<u>\$ 13,209,268</u>

PROSPECT HEIGHTS SCHOOL DISTRICT NO. 23
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2026

	Educational Account	Working Cash Account	Tort Account	Total General Fund
REVENUES				
Local sources	\$ 20,378,302	\$ 241,955	\$ 81,019	\$ 20,701,276
State sources	2,043,630	-	-	2,043,630
Federal sources	1,382,263	-	-	1,382,263
Total Revenues	<u>23,804,195</u>	<u>241,955</u>	<u>81,019</u>	<u>24,127,169</u>
EXPENDITURES				
Current				
Instruction	13,849,164	-	-	13,849,164
Support services	8,819,049	-	179,246	8,998,295
Community services	258,545	-	-	258,545
Payments to other governmental units	903,626	-	-	903,626
Total Expenditures	<u>23,830,384</u>	<u>-</u>	<u>179,246</u>	<u>24,009,630</u>
NET CHANGES IN FUND BALANCES	(26,189)	241,955	(98,227)	117,539
FUND BALANCE (DEFICIT), BEGINNING	<u>2,746,148</u>	<u>854,914</u>	<u>(94,777)</u>	<u>3,506,285</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 2,719,959</u>	<u>\$ 1,096,869</u>	<u>\$ (193,004)</u>	<u>\$ 3,623,824</u>

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