

SALE DATE AND TIME:
August 14, 2018
10:00 A.M. CDT (2018A Bonds)
10:30 A.M. CDT (2018B Bonds)

NEW ISSUES – BOOK-ENTRY ONLY
– BANK QUALIFIED (2018A BONDS ONLY)

RATING⁺: MOODY’S “Aa2”

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), under present law, interest on the 2018A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the 2018B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion. The 2018A Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.

SCHOOL DISTRICT NUMBER 117
COOK COUNTY, ILLINOIS
(NORTH PALOS)

\$9,390,000* GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2018A
\$2,830,000* TAXABLE GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2018B

Dated: Date of Issuance

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

The General Obligation Limited Refunding School Bonds, Series 2018A (the “2018A Bonds”), and Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the “2018B Bonds” and, together with the 2018A Bonds, the “Bonds”), of School District Number 117, Cook County, Illinois (the “District”), are issuable as fully-registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York (“DTC”). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. The Bonds are issued in fully-registered form in denominations of \$5,000 and integral multiples thereof, and will bear interest payable on June 1 and December 1 of each year, with December 1, 2018, as the first interest payment date. UMB Bank, National Association, Kansas City, Missouri, will act as registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the 2018A Bonds will be used to (i) currently refund a portion of the District’s outstanding Limited School Bonds, Series 2008A, dated May 1, 2008 (the “2008A Bonds”), (ii) currently refund the District’s outstanding Limited School Bonds, Series 2008B, dated May 1, 2008, and (iii) pay costs associated with the issuance of the 2018A Bonds.

Proceeds of the 2018B Bonds will be used to (i) currently refund a portion of the 2008A Bonds, (ii) currently refund a portion of the District’s outstanding Taxable Limited Refunding Bonds, Series 2008C, dated May 1, 2008, and (iii) pay costs associated with the issuance of the 2018B Bonds.

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

The Bonds are not subject to redemption prior to maturity.

The Bonds are offered at public sale, subject to the approval of legality by Bond Counsel. Chapman and Cutler LLP, Chicago, Illinois, is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about September 5, 2018.

AS 2018A BONDS UNDERWRITER

AS 2018B BONDS UNDERWRITER



The date of this Official Statement is August ____, 2018.

*Preliminary, subject to change.
+See “BOND RATING” herein.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

\$9,390,000* General Obligation Limited Refunding School Bonds, Series 2018A

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(214613)</u>
2021	780,000			
2022	1,305,000			
2023	1,355,000			
2024	1,285,000			
2025	1,335,000			
2026	1,390,000			
2027	1,445,000			
2028	495,000			

\$2,830,000* Taxable General Obligation Limited Refunding School Bonds, Series 2018B

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP⁽¹⁾</u> <u>(214613)</u>
2019	1,175,000			
2020	1,175,000			
2021	480,000			

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a bond.

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by School District Number 117, Cook County, Illinois (the "District"), from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment), except for the omission of certain information permitted to be omitted pursuant to such Rule.

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

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

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

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

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

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

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

**School District Number 117
Cook County, Illinois
(North Palos)
7825 West 103rd Street
Palos Hills, Illinois 60465-1676
(708) 598-5500**

* * * * *

Board of Education

Dr. Tom Kostas, President
Ian Chafee, Vice President
Ron Moran, Secretary
Bobby Greene
Debbie Groark
Clara Fraga
Tracy Sukalo

Superintendent

Dr. Jeannie Stachowiak

Assistant Superintendent of Business Operations/School Treasurer

James Bunn

* * * * *

Paying Agent/Registrar/Escrow Agent

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2018A Underwriter

2018B Underwriter

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**School District Number 117
Cook County, Illinois
(North Palos)**

**\$9,390,000* General Obligation Limited Refunding School Bonds, Series 2018A
\$2,830,000* Taxable General Obligation Limited Refunding School Bonds, Series 2018B**

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning School District Number 117, Cook County, Illinois (the “District”), in connection with the offering and sale of its \$9,390,000* General Obligation Limited Refunding School Bonds, Series 2018A (the “2018A Bonds”), and \$2,830,000* Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the “2018B Bonds”, and, together with the 2018A Bonds, the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

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

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each June 1 and December 1, beginning December 1, 2018. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar in Kansas City, Missouri. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

The Bonds are not subject to redemption prior to maturity.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration shall be at the expense of the District; provided, however,

*Preliminary, subject to change.

that the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

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

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

Authority and Purpose

The Bonds are issued pursuant to the School Code of the State of Illinois (the “School Code”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education (the “Board”) of the District on June 19, 2018, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the 2018A Bonds will be used to (i) currently refund a portion of the District’s outstanding Limited School Bonds, Series 2008A, dated May 1, 2008 (the “2008A Bonds”), (ii) currently refund the District’s outstanding Limited School Bonds, Series 2008B, dated May 1, 2008 (the “2008B Bonds”), and (iii) pay costs associated with the issuance of the 2018A Bonds. Proceeds of the 2018B Bonds will be used to (i) currently refund a portion of the 2008A Bonds, (ii) currently refund a portion of the District’s outstanding Taxable Limited Refunding Bonds, Series 2008C, dated May 1, 2008 (the “2008C Bonds”), and (iii) pay costs associated with the issuance of the 2018B Bonds. See “THE REFUNDING” herein.

Security and Payment

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable

principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “Limitation Law”). See “Limited Bonds” herein.

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

Reference is made to Appendix A for the proposed forms of legal opinions of Bond Counsel.

Limited Bonds

The Bonds are limited bonds and are issued pursuant to the School Code, as supplemented by the Debt Reform Act. Although the obligation of the District to pay the Bonds is a general obligation under the School Code and all taxable property in the District is subject to the levy of taxes to pay the Bonds without limitation as to rate, the amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Limitation Law.

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the “Base”), which is an amount equal to that portion of the extension for the District for the 1994 levy year constituting an extension for payment of principal and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law, the “CPI”) during the 12-month calendar year preceding the levy year. The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

As of the closing of the Bonds, the Bonds will constitute two of four series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the District’s outstanding 2008C Bonds and General Obligation Limited School Bonds, Series 2014A (together, the “Outstanding Limited Bonds”). The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District’s limited bonds. The amount of the Base for the 2018 levy year has been determined to be \$1,920,489.21, which is calculated as follows:

Levy	Debt Service			New Debt
Year	Extension Base	CPI	CPI Increase	Service
				Extension Base
2009	\$ 1,635,971.00	0.10%	\$ 1,635.97	\$ 1,637,606.97
2010	1,637,606.97	2.70%	44,215.38	1,681,822.35
2011	1,681,822.35	1.50%	25,227.33	1,707,049.68
2012	1,707,049.68	3.00%	51,211.49	1,758,261.17
2013	1,758,261.17	1.70%	29,890.43	1,788,151.60
2014	1,788,151.60	1.50%	26,822.27	1,814,973.87
2015	1,814,973.87	0.80%	14,519.79	1,829,493.66
2016	1,829,493.66	0.70%	12,806.45	1,842,300.11
2017	1,842,300.11	2.10%	38,688.30	1,880,988.41
2018	1,880,988.41	2.10%	39,500.75	1,920,489.16

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The following chart shows the Base of the District, the debt service on the District's Outstanding Limited Bonds and the Bonds, and the available Base after the issuance of the Bonds and the refunding of the hereinafter-defined Refunded Bonds.

Levy Year	Fiscal Year	Outstanding Limited Bonds Debt Service	Less: Refunded Bonds *	Debt Service on the 2018A Bonds*	Debt Service on the 2018B Bonds*	Total Limited Tax Debt Service*	Available Base	Available Base*
2017	2019	\$ 1,903,430	\$ -	\$ -	\$ -	\$ 1,903,430	\$ 1,880,988	\$ (22,442)
2018	2020	1,924,350	(1,634,725)	375,600	1,254,265	1,919,490	1,920,489	999
2019	2021	1,950,945	(1,631,690)	375,600	1,223,128	1,917,983	1,920,489	2,507
2020	2022	1,900,045	(1,631,715)	1,155,600	494,640	1,918,570	1,920,489	1,919
2021	2023	1,899,730	(1,631,400)	1,649,400	-	1,917,730	1,920,489	2,759
2022	2024	1,898,930	(1,630,600)	1,647,200	-	1,915,530	1,920,489	4,959
2023	2025	1,901,130	(1,632,800)	1,523,000	-	1,791,330	1,920,489	129,159
2024	2026	1,901,130	(1,632,800)	1,521,600	-	1,789,930	1,920,489	130,559
2025	2027	1,898,930	(1,630,600)	1,523,200	-	1,791,530	1,920,489	128,959
2026	2028	1,894,530	(1,626,200)	1,522,600	-	1,790,930	1,920,489	129,559
2027	2029	1,900,630	(627,300)	514,800	-	1,788,130	1,920,489	132,359
2028	2030	1,901,673	-	-	-	1,901,673	1,920,489	18,816
2029	2031	1,907,560	-	-	-	1,907,560	1,920,489	12,929
2030	2032	1,909,773	-	-	-	1,909,773	1,920,489	10,716
2031	2033	1,843,190	-	-	-	1,843,190	1,920,489	77,299
		<u>\$ 28,535,976</u>	<u>\$ (15,309,830)</u>	<u>\$ 11,808,600</u>	<u>\$ 2,972,033</u>	<u>\$ 28,006,779</u>		

*Preliminary, subject to change.

(1) Pursuant to Public Act 96-0501, the District's Base will increase by the lesser of CPI or 5% each year starting with levy year 2009. In this chart, the applicable CPI increase has been applied to levy years 2017 and 2018, and is assumed to be 0% per year thereafter. Any amounts not levied because the CPI growth is insufficient will be paid from lawfully available funds of the District

Note: Amounts are rounded.

THE REFUNDING

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

2008A Bonds

(Dated Date: May 1, 2008)

CUSIP (214613)	Maturities (December 1)	Original		Redemption Price ⁽¹⁾	Redemption Date*
		Outstanding Amount	Refunded Bonds*		
HQ7	2021	\$ 820,000	\$ 820,000	100.00%	December 1, 2018
HR5	2022	1,270,000	1,270,000	100.00%	December 1, 2018
HS3	2023	1,320,000	1,320,000	100.00%	December 1, 2018
HT1	2024	1,375,000	1,375,000	100.00%	December 1, 2018
HU8	2025	1,430,000	1,430,000	100.00%	December 1, 2018
HV6	2026	1,485,000	1,485,000	100.00%	December 1, 2018
HW4	2027	1,540,000	1,540,000	100.00%	December 1, 2018
	Total:	<u>\$ 9,240,000</u>	<u>\$ 9,240,000</u>		

*Preliminary, subject to change.

(1) Expressed as a percentage of par.

2008B Bonds

(Dated Date: May 1, 2008)

CUSIP (214613)	Maturities (May 1)	Original		Redemption Price ⁽¹⁾	Redemption Date*
		Outstanding Amount	Refunded Bonds*		
HX2	2028	\$ 615,000	\$ 615,000	100.00%	September 17, 2018
	Total:	<u>\$ 615,000</u>	<u>\$ 615,000</u>		

*Preliminary, subject to change.

(1) Expressed as a percentage of par.

2008C Bonds
(Dated Date: May 1, 2008)

CUSIP (214613)	Maturities (December 1)	Original		Remaining Amount*	Redemption Price ⁽¹⁾	Redemption Date*
		Outstanding Amount	Refunded Bonds*			
HY0	2018	\$ 1,040,000	\$ -	\$ 1,040,000	100.00%	N/A
HZ7	2019	1,095,000	1,095,000	-	100.00%	December 1, 2018
JA0	2020	1,150,000	1,150,000	-	100.00%	December 1, 2018
JB3	2021	395,000	395,000	-	100.00%	December 1, 2018
	Total:	<u>\$ 3,680,000</u>	<u>\$ 2,640,000</u>	<u>\$ 1,040,000</u>		

*Preliminary, subject to change.

(1) Expressed as a percentage of par.

A portion of the proceeds of the Bonds will be used to fund an irrevocable escrow account (the “Escrow Account”) consisting of cash and direct obligations of the United States of America (the “Government Obligations”). The Escrow Account will be held by UMB Bank, National Association, Kansas City, Missouri (the “Escrow Agent”), and will be used to pay the principal of and interest on the Refunded Bonds on the redemption date thereof. The Escrow Account will be held by the Escrow Agent pursuant to an escrow letter agreement between the District and the Escrow Agent which irrevocably directs the Escrow Agent to (i) make all payments of the principal of and interest on the Refunded Bonds on the redemption date, and (ii) take all steps necessary to call the Refunded Bonds on such date. The Escrow Account will be funded in such amounts so that the initial cash deposit and the principal and interest payments received on the Government Obligations will be sufficient, without reinvestment, to pay the principal of and interest on the Refunded Bonds on the redemption date.

SOURCES AND USES

Estimated Source of Funds

	<u>2018A Bonds</u>	<u>2018B Bonds</u>
Par Amount of the Bonds		
[Net] Original Issue Premium/(Discount).....		
Available Funds.....		
Total Sources	\$ _____ -	\$ _____ -

Estimated Uses of Funds

	<u>2018A Bonds</u>	<u>2018B Bonds</u>
Deposit into Escrow Account.....		
Costs of Issuance ⁽¹⁾		
Total Uses	\$ _____ -	\$ _____ -

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

BOOK-ENTRY SYSTEM

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

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

agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

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

Real Property Assessment

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Illinois Department of Revenue (the "Department"). For triennial reassessment purposes, Cook County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The District is located in the South Tri and was reassessed for the 2017 tax levy year. The South Tri will next be reassessed for the 2020 levy year.

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

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

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

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

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the "Board of

Review”), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

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

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

Equalization

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

Tax Levy Year	Equalization Factor
2008	2.9786
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the equalized

assessed valuation (the “EAV”) of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “Assessment Base”).

Exemptions

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

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$7,000 for tax years 2012 through 2016, and \$10,000 for tax years 2017 and thereafter.

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

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

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$5,000 for tax years 2013 through 2016 and \$8,000 for tax years 2017 and thereafter.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of (i) \$55,000 through assessment year 2016 and (ii) \$65,000 beginning in assessment year 2017. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year. Beginning in tax year 2017, the amount of the exemption is equal to the greater

of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or \$2,000.

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

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

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

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

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

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

Tax Levy

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

Property Tax Extension Limitation Law

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

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

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

the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

Public Act 100-0465, effective August 31, 2017 ("Public Act 100-465"), provides that if the District's Adequacy Target (as defined under "STATE AID" herein) exceeds 110% for the school year that begins during the calendar year immediately preceding the levy year for which a tax reduction is sought, a petition signed by at least 10% of the registered voters in the District may be filed requiring a proposition to be submitted to the District's voters at the next consolidated election in April of odd-numbered years asking the voters whether the District must reduce its extension for educational purposes for the levy year in which the election is held to an amount that is less than the extension for educational purposes for the immediately preceding levy year. The reduced extension, however, may not be more than 10% lower than the amount extended for educational purposes in the previous levy year and may not cause the District's Adequacy Target to fall below 110% for the levy year for which the reduction is sought. If the voters approve the proposition, the County Clerk will extend a rate for educational purposes that is no greater than the limiting rate for educational purposes computed in accordance with the Limitation Law. If such proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

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

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

Extensions

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

Collections

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

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2008	December 1, 2009
2009	December 13, 2010
2010	November 1, 2011
2011	August 1, 2012
2012	August 1, 2013
2013	August 1, 2014
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018

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

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

Within 90 days following the second installment due date, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court orders resulting from the application for judgment provides for an Annual Tax Sale (the "Annual Tax Sale") of unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. In each such public sale, the collector can use any "automated means." Unpaid taxes accrue penalties at the rate of 1.5% per

month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 12% for each six-month period after the sale. If no redemption is made within the applicable redemption period (ranging from six months to two and a half years depending on the type and occupancy of the property) and the tax buyer files a petition in the Circuit Court, notifying the necessary parties in accordance with the applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

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

The Scavenger Sale (the “Scavenger Sale”), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is held every two years on all property on which two or more years’ taxes are delinquent. The sale price of the unpaid taxes is the amount bid at such sale, which may be less than the amount of delinquent taxes. Redemption periods vary from six months to two and a half years depending upon the type and occupancy of the property.

Truth in Taxation Law

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

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action or fail to take any action which would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolution.

RISK FACTORS

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

Finances of the State of Illinois

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

On July 6, 2017, the General Assembly of the State (the “General Assembly”) enacted a budget for the State fiscal year ending June 30, 2018 (the “Fiscal Year 2018 Budget”), overriding the Governor’s veto. On May 31, 2018, the General Assembly passed a budget for the State for fiscal year ending June 30, 2019 (the “Fiscal Year 2019 Budget”), and on June 4, 2018, the Governor approved the same. Both, the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget contained an appropriation for General State Aid (as hereinafter defined), contingent upon General State Aid being allocated among school districts in accordance with an “Evidence-Based Funding Model.” See “STATE AID” herein for more information on the Evidence-Based Funding Model. Public Act 100-465 provides for an Evidence-Based Funding Model for allocating General State Aid to school districts (20.40% of the District’s Combined Educational Fund and Operations and Maintenance Fund Revenue Sources for the fiscal year ended June 30, 2017) beginning with the 2017-2018 school year.

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

Local Economy

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

Loss or Change of Bond Rating

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

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer viruses, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the District's operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Secondary Market for the Bonds

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

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

Continuing Disclosure

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

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the 2018A Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the

economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

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

Factors Relating to Tax Exemption

As discussed under “TAX MATTERS – The 2018A Bonds” herein, interest on the 2018A Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the 2018A Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the 2018A Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the 2018A Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the 2018A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the 2018A Bonds could have an adverse effect on the District’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2018A Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the 2018A Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE DISTRICT

General Description

The District is located in the City of Palos Hills, Illinois ("Palos Hills"), approximately 16 miles southwest of Chicago's "Loop", 17 miles south of O'Hare International Airport and three and a half miles east of the Cook-DuPage County Line. The District's boundaries are Harlem Avenue on the east, LaGrange Road on the west, 87th Street on the north and 107th Street on the south.

Encompassing an area of approximately seven and a half square miles, the District serves major portions of the Cities of Hickory Hills ("Hickory Hills") (40.6% of the District's 2017 EAV) and Palos Hills (37.5% of the District's 2017 EAV), as well as the Village of Bridgeview (22.9% of the District's 2017 EAV). The District feeds into Amos Alonzo Stagg High School, which is part of Consolidated High School District Number 230 in the County.

The area's extensive transportation network includes Interstates 55 and 294, U.S. Routes 12 and 20 and Illinois Routes 7 and 43 (Harlem Avenue). Rail freight service is provided by the Chesapeake and Ohio Railroad, and commuter rail transportation is available in nearby Willow Springs on the Illinois Central Gulf Line.

Community College District No. 524 ("Moraine Valley Community College"), which is located within the District, serves the higher education needs of the District along with various other colleges and universities located throughout the Chicago metropolitan area.

Educational Facilities

The District operates one preschool, four primary schools and one junior high school.

<u>Facility</u>	<u>Grades</u>	<u>Current Enrollment</u>	<u>Capacity Enrollment</u>	<u>Constructed</u>	<u>Years of Additions/Renovations</u>
Conrady Junior High School.....	6-8	1,110	1,440	1965	Additions: 1969, 1795, 2000, 2012, 2016 Renovations: 2002, 2016, 2017
Glen Oaks Elementary School.....	2-5	701	1,225	1961	Additions: 1965, 1966, 1970, 1974, 2002, 2008 Renovations: 1980, 2002
Oak Ridge Elementary School....	2-5	730	1,210	1959	Additions: 1971, 2013 Renovations: 1980, 2014
Dorn Elementary School.....	PK-1	446	884	1956	Additions: 1963, 1968, 1970, 1974 Renovations: 2002
Sorrick Elementary School.....	PK-1	424	700	1949	Additions: 1953, 1960, 1969, 1974, 2011 Renovations: 1980, 2002, 2008, 2011
Opalinski ⁽¹⁾	N/A	150	194	1975	

(1) The District leases the facility to Sandbox Inc., a daycare provider.
Source: The District

Enrollments

The table below includes historical enrollment utilizing the Fall Housing Count (Housed) which reflects students enrolled as of the last school day in September and the projected enrollment for the next five years. The projected enrollment figures for the District's kindergarten programs utilizes the live birth method in the first projected year only and the Cohort Survival Method is used in the first projected year and that ratio is applied to future years.

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Enrollment⁽¹⁾</u>
2013-2014	3,182	2018-2019	3,405
2014-2015	3,241	2019-2020	3,401
2015-2016	3,289	2020-2021	3,409
2016-2017	3,322	2021-2022	3,417
2017-2018	3,390	2022-2023	3,414

(1) Projected enrollment.
Note: Enrollment figures do not include outplaced students.
Source: The District

The Board of Education

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

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
President.....	Dr. Tom Kostas	2019
Vice President.....	Ian Chafee	2019
Secretary.....	Ron Moran	2021
Member.....	Bobby Greene	2019
Member.....	Debbie Groark	2021
Member.....	Clara Fraga	2019
Member.....	Tracy Sukalo	2019
School Treasurer.....	James Bunn	Appointed

Administration

The Superintendent, Dr. Jeannie Stachowiak, has been with the District since 2003 and became Superintendent in 2011. Previously, Dr. Stachowiak served as Principal at Dorn Elementary School and Director of Curriculum for eight years at the District. Mr. James Bunn is the Assistant Superintendent of Business Operations and has served in that capacity with the District since 2014. Mr. Bunn has been with the District since 2002, and prior to his current role, he served as Technology Director of the District since 2006.

Employees

The District currently has 512 employees, of whom 354 are certified and 158 are non-certified. Of the total number, 354 are represented by the North Palos Education Association-IEA/NEA and 158 are represented by the North Palos Education Association-Education Support Professional-IEA/NEA. The contract with North Palos Education Association-IEA/NEA will expire in 2020, and the contract with the North Palos Education Association-Education Support Professional-IEA/NEA will expire in 2021. The District considers its relationship with its employees to be in good standing.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

Below are the population statistics for the Cities of Palos Hills and Hickory Hills (the “Cities”), the Village of Bridgeview (the “Village”), the District, the County and the State.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>% Change 1990-2010</u>
The District.....	NA	NA	28,214	NA
Palos Hills.....	17,803	17,665	17,484	-1.79
Hickory Hills.....	13,021	13,926	14,049	7.89
The Village.....	14,277	15,335	16,446	15.19
The County	5,105,067	5,376,741	5,194,675	1.76
The State	11,430,602	12,419,293	12,830,632	12.25

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

Education

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

Educational Levels for Persons 25 Years of Age and Older

<u>Education Level</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than 9th Grade	4.4%	7.2%	5.3%
9th to 12th grade, no diploma	6.5	7.0	6.4
High school graduate	36.7	23.7	26.5
Some college, no degree	20.3	19.2	21.1
Associate degree	9.7	6.5	7.8
Bachelor’s degree	14.6	21.9	20.2
Graduate or professional degree	7.7	14.6	12.7
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2012-2016 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Income

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

<u>Household Income</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Under \$10,000	5.3%	8.5%	7.1%
\$10,000 to \$14,999	5.5	4.8	4.4
\$15,000 to \$24,999	7.7	10.1	9.6
\$25,000 to \$34,999	11.5	9.1	9.2
\$35,000 to \$49,999	13.2	12.2	12.6
\$50,000 to \$74,999	20.7	16.7	17.5
\$75,000 to \$99,999	12.3	12.0	12.7
\$100,000 to \$149,999	14.9	13.8	14.5
\$150,000 to \$199,999	5.8	6.0	6.0
\$200,000 or more	3.4	7.0	6.2
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median household income ..	\$58,245	\$56,902	\$59,196

Source: American Community Survey, 2012-2016 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Housing

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

<u>Value of Specified Owner-Occupied Units</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Less than \$50,000	10.1%	4.4%	7.5%
\$50,000 to \$99,999	4.6	9.8	16.2
\$100,000 to \$149,999	10.6	14.2	16.6
\$150,000 to \$199,999	18.5	16.6	16.4
\$200,000 to \$299,999	39.4	23.1	20.3
\$300,000 to \$499,999	14.7	20.0	15.1
\$500,000 to \$999,999	1.8	9.3	6.2
\$1,000,000 or more	0.2	2.6	1.5
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Median value	\$213,400	\$219,800	\$174,800
Owner-occupied	71.60%	56.60%	66.00%

Source: American Community Survey, 2012-2016 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Residential Housing Building Permits

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

Year	<u>Palos Hills</u>		<u>Hickory Hills</u>		<u>The Village</u>	
	Reported Number of Building Permits	Construction Cost	Reported Number of Building Permits	Construction Cost	Reported Number of Building Permits	Construction Cost
	2013.....	3	\$597,000	2	\$797,000	0
2014.....	6	1,420,000	3	614,000	0	0
2015.....	7	1,603,000	1	285,000	0	0
2016.....	5	1,236,000	3	675,401	0	0
2017.....	7	1,585,000	11	1,846,000	0	0
2018 ⁽¹⁾	2	530,000	1	232,548	1	232,548

(1) Through June 2018.
Source: U.S. Census

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the Cities and the Village for the last five calendar years and through the first quarter of 2018.

Calendar Year	<u>Palos Hills</u>	<u>Hickory Hills</u>	<u>The Village</u>
2013	\$ 77,301,680	\$ 172,091,097	\$ 471,389,890
2014	78,926,087	176,207,862	513,310,137
2015	75,440,536	173,181,053	558,079,527
2016	78,044,369	187,215,370	597,810,027
2017	79,620,653	192,547,830	628,120,625
2018 ⁽¹⁾	19,523,132	48,133,429	141,205,583

(1) Through the first quarter of 2018.
Source: The Department

Employment by Occupation

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

<u>Occupational Category</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Management, business, science, and arts occupations.....	26.2%	38.7%	37.2%
Service occupations.....	17.5	18.0	17.3
Sales and office occupations.....	28.0	24.1	24.3
Natural resources, construction, and maintenance occupations.....	12.1	6.0	7.2
Production, transportation, and material moving occupations.....	16.1	13.2	14.0
Totals	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2012-2016 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Employment by Industry

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

<u>Industry Category</u>	<u>The District</u>	<u>The County</u>	<u>The State</u>
Agriculture, forestry, fishing, hunting, and mining.....	0.1%	0.2%	1.1%
Construction.....	8.2	4.6	5.2
Manufacturing.....	13.0	10.1	12.4
Wholesale trade.....	3.5	2.9	3.1
Retail trade.....	11.6	10.0	10.9
Transportation, warehousing, and utilities.....	9.4	6.7	6.0
Information.....	1.3	2.2	2.0
Finance, insurance, real estate, rental and leasing.....	6.2	8.1	7.3
Professional, scientific, management, administrative and waste management services.....	12.0	14.2	11.6
Educational services, health care and social assistance.....	18.1	22.7	22.9
Arts, entertainment, recreation, accommodation and food services.....	7.2	9.8	9.1
Other services, except public administration	6.8	5.0	4.7
Public administration.....	2.7	3.6	3.7
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: American Community Survey, 2012-2016 American Community Survey 5-year Estimates, Census Bureau
Please note that total of the columns may not equal 100.0% due to rounding.

Largest Area Employers

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

Company Name	Product or Service	Location	Approximate employees at location
Advocate Christ Medical Center.....	Teaching hospital & trauma center.....	Oak Lawn	5,500
Palos Community Hospital.....	General hospital.....	Palos Heights	2,343
Moraine Valley Community College...	Community college.....	Palos Hills	1,800
Executive Mailing Service, Inc.....	Direct mail service.....	Palos Hills	600
The District.....	Education.....	Palos Hills	512
First Midwest Bancorp, Inc.....	Personal & business banking.....	Hickory Hills	473
Stampede Meat, Inc.....	Meat processing & packing.....	Bridgeview	400
Pactiv Corp.....	Thermoformed plastic disposable dinnerware products.....	Bridgeview	320
Elim Christian Services.....	Company headquarters & packaging & assembly.....	Palos Heights	257
The Golden Grain Co.....	Pasta mixes.....	Bridgeview	250

Source: 2018 Manufacturers' News, Inc. Illinois Manufacturers and Illinois Services Directories and the District

Historical Unemployment Statistics

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates as well as the monthly unemployment rates for June 2017 and 2018 for the Cities, the Village compared with the County and the State.

	City of <u>Hickory Hills</u>	City of <u>Palos Hills</u>	The <u>Village</u>	The <u>County</u>	The <u>State</u>
Average, 2013.....	9.5%	8.7%	13.5%	9.6%	9.0%
Average, 2014.....	7.6	6.7	10.1	7.5	7.1
Average, 2015.....	5.5	5.2	8.9	6.2	6.0
Average, 2016.....	5.5	5.1	9.2	6.1	5.8
Average, 2017.....	4.8	4.4	7.2	5.2	5.0
June, 2017.....	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾	5.6	5.1
June, 2017.....	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾	4.5	4.5

(1) There is no monthly data available for the Cities since they are communities with populations less than 25,000.
Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

Trend of EAV

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

The following table reflects the EAV trend of the District by property type, growth rate and new property. The District's EAV peaked at \$806,715,331 in levy year 2008. The current EAV is 20.67% below the peak EAV.

<u>Property Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> ⁽³⁾
Residential	\$ 377,201,135	\$ 371,365,822	\$ 361,950,198	\$ 375,902,035	
Farm	-	52,885	-	56,277	
Commercial	109,277,300	123,382,134	118,669,042	129,978,488	
Industrial	86,677,088	65,651,099	64,569,343	66,384,445	
Railroad	130,500	124,565	135,859	128,952	-
Total ⁽¹⁾	<u>\$ 573,286,023</u>	<u>\$ 560,576,505</u>	<u>\$ 545,324,442</u>	<u>\$ 572,450,197</u>	<u>\$ 668,529,105</u>
% Change	-5.61% ⁽²⁾	-2.22%	-2.72%	4.97%	16.78% ⁽⁴⁾
New Property Amounts...	\$ 1,120,697	\$ 1,120,697	\$ 2,896,004	\$ 6,837,536	\$ 2,253,856

(1) Excludes tax increment financing ("TIF") incremental EAV. The 2017 TIF incremental EAV is \$11,802,936. See "Tax Increment Financing Districts Located within the District" herein.

(2) Based on the District's 2012 EAV of \$607,366,606.

(3) EAV composition is not available at this time.

(4) Reassessment year.

Source: County Clerk's Office

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Tax Increment Financing Districts Located within the District

A portion of the District’s EAV is contained in TIF districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the “Base EAV”). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The TIF districts are not expected to expire in the near future and the District is not aware of any new TIF districts planned in the immediate future. The District has a revenue sharing agreement with the Village of Bridgeview-103rd/76th Avenue TIF. The agreement sets forth that the District is to receive 17% of non-residential TIF taxes.

<u>Location</u>	<u>Year Established</u>	<u>Base EAV</u>	<u>2017 EAV</u>	<u>Incremental EAV</u>
City of Hickory Hills-95th St.....	2005	\$ 7,616,938	\$ 9,580,531	\$ 2,268,893
Village of Bridgeview-103rd St./76th Ave..	2004	1,515,398	10,915,152	9,519,867
Village of Bridgeview-Golf Dome.....	2015	49,172	63,348	14,176
Total.....		<u>\$ 9,181,508</u>	<u>\$ 20,559,031</u>	<u>\$ 11,802,936</u>

Source: County Clerk’s Office

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Tax Rates
(Per \$100 EAV)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Statutory Maximum Rate</u> ⁽¹⁾
I.M.R.F.....	\$ 0.098	\$ 0.193	\$ 0.128	\$ 0.122	\$ 0.100	N/A
Social Security	0.098	0.055	0.137	0.126	0.104	N/A
Liability Insurance.....	0.069	0.075	0.079	0.051	0.042	N/A
Transportation.....	0.705 ⁽²⁾	0.488 ⁽²⁾	0.663 ⁽²⁾	0.701 ⁽²⁾	0.262 ⁽²⁾	N/A
Education ⁽³⁾	3.195	3.500	3.500	3.376	3.357	N/A
Building.....	0.492	0.550	0.550	0.531	0.470	\$0.5500
Working Cash Funds.....	0.046	0.050	0.050	0.048	0.008	0.0500
Special Education.....	0.361	0.368	0.393	0.386	0.343	0.4000
Bond & Interest	0.327	0.335	0.352	0.338	0.295	N/A
Total.....	\$ 5.391	\$ 5.613	\$ 5.852	\$ 5.679	\$ 4.981	

(1) See “REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES – Property Tax Extension Limitation Law” herein for information on the operation of such maximum rates under the Limitation Law.

(2) The District increased the Transportation Fund tax rate to capture new tax revenues available under the Limitation Law. The District transferred a portion of the Transportation Fund revenues to the Educational Fund and the Operations and Maintenance Fund. The District has had many consecutive years of operating surpluses in the combined Educational Fund and Operations and Maintenance Fund. The District has utilized these funds to increase fund balance and to provide funds for capital improvements. The District had a large capital project that started in 2014 at a cost of approximately \$20 million. The project was funded from bond proceeds and funds on hand. A portion of the District funds came from the District extending for additional Transportation Funds in excess of current transportation expenses. The District used the transferred Transportation Fund dollars, along with excess annual revenues in the Educational Fund, to provide the operating fund contributions to the project. In levy year 2017, the District no longer had a maximum tax rate for Educational Fund purposes and will not have to use Transportation Fund transfers as it had been doing. The District did not increase the Transportation Fund tax rate to capture new revenues in levy year 2017. See “Summary of Operating Funds and Debt Service Fund” herein.

(3) Pursuant to Public Act 100-465, beginning with levy year 2017, the District no longer has a maximum tax rate for educational fund purposes. The aggregate tax rate for the various purposes subject to the Limitation Law, however, may not exceed the District’s limiting rate under the Limitation Law.

Source: County Clerk’s Office

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

The following table of representative tax rates is for a resident of the District living in Hickory Hills.

<u>Taxing Body</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
The County.....	\$ 0.560	\$ 0.568	\$ 0.552	\$ 0.533	\$ 0.496
Cook County Forest Preserve District.....	0.069	0.069	0.069	0.063	0.062
Consolidated Elections.....	0.031	0.000	0.034	0.000	0.031
Metropolitan Water Reclamation District.....	0.417	0.430	0.426	0.406	0.402
Palos Township ⁽¹⁾	0.069	0.073	0.078	0.076	0.068
Palos Road and Bridge.....	0.049	0.052	0.055	0.054	0.047
South Cook County Mosquito Abatement District... Hickory Hills.....	0.016 0.809	0.017 0.856	0.017 0.890	0.017 0.861	0.016 0.752
Hickory Hills Park District.....	0.366	0.385	0.364	0.426	0.374
Green Hills Public Library District.....	0.442	0.469	0.486	0.471	0.415
North Palos Fire Protection District.....	1.076	1.134	1.198	1.161	1.032
The District.....	5.391	5.613	5.852	5.679	4.981
High School District Number 230.....	2.641	2.770	2.879	2.778	2.287
Moraine Valley Community College	0.375	0.403	0.419	0.406	0.365
Total.....	<u>\$12.311</u>	<u>\$12.839</u>	<u>\$13.319</u>	<u>\$12.931</u>	<u>\$10.832</u>

(1) Includes general assistance.
Source: County Clerk's Office

Tax Extensions and Collections

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽²⁾</u>
Extensions	\$ 30,905,850	\$ 31,470,773	\$ 31,917,840	\$ 32,509,447	\$ 33,306,120
Collections	29,860,168	30,580,833	31,227,389	32,109,906	17,140,938
% Collected	96.62% ⁽¹⁾	97.17% ⁽¹⁾	97.84%	98.77%	51.46%

(1) Lower collection rate due to larger amount of tax refunds.
(2) In progress, as of July 11, 2018.
Source: Cook County Treasurer's Office

Largest Taxpayers

The taxpayers listed below represent 10.70% of the District's 2017 EAV which is \$668,529,105 (which excludes TIF incremental EAV totaling \$11,802,936). Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2017 EAV</u>	<u>% of EAV</u>
Piper Equities LLC.....	Property Management.....	\$ 14,854,314	2.22%
Menard Inc.	Home Improvement Retail Store..	10,792,554	1.61%
Mobile Rosebud MHC.....	Mobile Home Park.....	7,926,098	1.19%
Walmart Stores.....	Retail Store.....	6,351,235	0.95%
Palos Hills Extended.....	Senior Care	5,932,541	0.89%
K & A Properties.....	Property Management.....	5,826,162	0.87%
Green Oaks Investments/Scott Canel & Associates	Property Management.....	5,549,344	0.83%
AFM Properties LLC ⁽¹⁾	Land Sales.....	5,379,837	0.80%
Arlington Ind O.....	Commercial Property.....	4,878,139	0.73%
Hill Creek Shopping	Shopping Center.....	<u>4,064,022</u>	<u>0.61%</u>
Total.....		<u>\$ 71,554,246</u>	<u>10.70%</u>

(1) A lawsuit was recently filed in the U.S. District Court for the Northern District of Illinois by a group of seven taxpayers, including A.F. Moore & Assoc. ("A.F. Moore"). A.F. Moore owns a 500,000 square foot industrial park within the District's boundaries. The lawsuit is only for the 2008 tax year and claims that a portion of the property taxes it paid for tax year 2008 was discriminatory and excessive. If the taxpayers are successful, the District would be required to refund approximately \$375,000. The refund would be withheld from the District's next distribution of property tax collections after the Cook County Treasurer's Office is presented with a court order.

Source: County Clerk's Office

Summary of Outstanding Bonded Debt

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

<u>Issue Description</u>	<u>Dated Date</u>	<u>Original Amount Of Issue</u>	<u>Current Amount Outstanding</u>	<u>Final Maturity Date</u>
Taxable Limited Refunding Bonds, Series 2008C.....	05/01/08	\$ 4,225,000	\$ 1,040,000	12/01/18
GO Limited School Bonds, Series 2014A.....	08/28/14	8,505,000	8,030,000	12/01/32
The 2018A Bonds.....	09/05/18	9,390,000 *	9,390,000 *	12/01/28
The 2018B Bonds.....	09/05/18	2,830,000 *	2,830,000 *	12/01/21
Total			<u>\$ 21,290,000 *</u>	

*Preliminary, subject to change.

Debt Repayment Schedule

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

Levy Year	Principal Outstanding	Less: The Refunded Bonds*	The 2018A Bonds*	The 2018B Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent (%)*
2017	\$ 1,040,000	\$ -	\$ -	\$ -	\$ 1,040,000	\$1,040,000	4.88%
2018	1,115,000	(1,095,000)	-	1,175,000	1,195,000	2,235,000	10.50
2019	1,200,000	(1,150,000)	-	1,175,000	1,225,000	3,460,000	16.25
2020	1,215,000	(1,215,000)	780,000	480,000	1,260,000	4,720,000	22.17
2021	1,270,000	(1,270,000)	1,305,000	-	1,305,000	6,025,000	28.30
2022	1,320,000	(1,320,000)	1,355,000	-	1,355,000	7,380,000	34.66
2023	1,375,000	(1,375,000)	1,285,000	-	1,285,000	8,665,000	40.70
2024	1,430,000	(1,430,000)	1,335,000	-	1,335,000	10,000,000	46.97
2025	1,485,000	(1,485,000)	1,390,000	-	1,390,000	11,390,000	53.50
2026	2,155,000	(1,540,000)	1,445,000	-	2,060,000	13,450,000	63.18
2027	1,005,000	(615,000)	495,000	-	885,000	14,335,000	67.33
2028	1,665,000	-	-	-	1,665,000	16,000,000	75.15
2029	1,725,000	-	-	-	1,725,000	17,725,000	83.26
2030	1,785,000	-	-	-	1,785,000	19,510,000	91.64
2031	1,780,000	-	-	-	1,780,000	21,290,000	100.00
	<u>\$21,565,000</u>	<u>\$ (12,495,000)</u>	<u>\$ 9,390,000</u>	<u>\$ 2,830,000</u>	<u>\$21,290,000</u>		

*Preliminary, subject to change.

Overlapping Bonded Debt
(As of August 3, 2018)

<u>Taxpayer</u>	<u>Outstanding Debt</u> ⁽¹⁾	<u>Percent</u> ⁽²⁾	<u>Amount</u>
The County.....	\$3,109,436,750	0.44%	\$ 13,681,522
Cook County Forest Preserve District.....	99,480,000	0.44%	437,712
Metropolitan Water Reclamation District of Greater Chicago.....	2,599,522,000 ⁽³⁾	0.45%	11,697,849
Village of Bridgeview.....	237,175,000	32.43%	76,915,853
Hickory Hills.....	500,000	89.02%	445,100
Bridgeview Park District.....	590,000	23.02%	135,818
Hickory Hills Park District.....	1,465,000	86.52%	1,267,518
Consolidated High School District Number 230.....	10,840,000	13.31%	1,442,804
Moraine Valley Community College	57,750,000	6.40%	3,696,000
			<u>\$ 109,720,175</u>

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

(2) Percentages based on 2017 EAVs, the most recent available.

(3) Includes IEPA Revolving Loan Bonds in the amount of \$748,031,000, as of December 31, 2017.

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

Debt Statement

General Obligation Direct Bonded Debt.....	\$21,565,000
Less: The Refunded Bonds.....	(\$12,495,000) *
The 2018A Bonds.....	\$9,390,000 *
The 2018B Bonds.....	\$2,830,000 *
Capital Leases.....	\$0
Net Direct Debt	\$21,290,000 *
Overlapping Bonded Debt.....	\$109,720,175
Net Direct Debt and Overlapping Bonded Debt.....	\$131,010,175 *
EAV (2017)	\$668,529,105
Statutory Debt Limit (6.9% of EAV).....	\$46,128,508
Statutory Debt Margin	\$24,838,508 *

(1) Excludes TIF incremental EAV. The 2017 TIF incremental EAV is \$11,802,936. See "Tax Increment Financing Districts Located within the District" herein.

*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation, 2017.....	\$2,005,587,315
EAV, 2017.....	\$668,529,105
2012-2016 American Community Survey Population Estimate.....	28,401
Net Direct Debt to EAV.....	3.18% *
Net Direct Debt to Estimated Market Valuation	1.06% *
Net Direct Debt and Overlapping Bonded Debt to EAV.....	19.60% *
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation	6.53% *
Net Direct Debt Per Capita	\$749.62 *
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$4,612.87 *

(1) Excludes TIF incremental EAV. The 2017 TIF incremental EAV is \$11,802,936. See “Tax Increment Financing Districts Located within the District” herein.

*Preliminary, subject to change.

Short-Term Financing Record

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

Future Financing

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

Default Record

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

SUMMARY OF OPERATING RESULTS

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Local Sources.....	73.52 %	73.57 %	69.24 %	67.37 %	68.20 %
Flow-through Receipts.....	-	-	-	-	-
State Sources:					
General Aid.....	9.99	12.36	16.96	18.96	20.40
Supplementary General Aid....	-	-	-	-	-
Mandated Categorical.....	5.07	4.90	2.86	3.34	2.52
Competitive Grant Aid.....	<u>2.94</u>	<u>2.48</u>	<u>2.96</u>	<u>2.08</u>	<u>1.83</u>
Total State Sources.....	18.00	19.74	22.79	24.38	24.75
Federal Sources.....	<u>8.48</u>	<u>6.70</u>	<u>7.97</u>	<u>8.25</u>	<u>7.05</u>
Total.....	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Source: Compiled from the District’s Annual Financial Reports filed with the Illinois State Board of Education (“ISBE”) for fiscal years ended June 30, 2013-2017.

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

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

	Combined Educational Fund and Operations and Maintenance Fund								Combined Operating Funds and Debt Service Fund
	Educational Fund	Operations and Maintenance Fund	Operations and Maintenance Fund	Transportation Fund	Working Cash Fund ⁽¹⁾	IMRF/Social Security Fund	Tort Fund	Debt Service Fund	
2014									
Receipts.....	\$ 30,700,356	\$ 2,798,800	\$ 33,499,156	\$ 3,523,263	\$ 268,047	\$ 1,095,626	\$ 391,134	\$ 1,758,625	\$ 40,535,851
Disbursements.....	28,521,466	2,212,720	30,734,186	1,743,985	-	1,115,700	332,245	1,633,875	35,559,991
Net Surplus (Deficit).....	2,178,890	586,080	2,764,970	1,779,278	268,047	(20,074)	58,889	124,750	4,975,860
Other Sources (Uses).....	827,453	5,400,000 ⁽²⁾	6,227,453	(2,550,000) ⁽³⁾	-	-	-	58,544	3,735,997
Beginning Fund Balance.....	27,076,902	4,227,874	31,304,776	3,514,587	1,206,538	899,745	717,915	3,818,852	41,462,413
Ending Fund Balance.....	<u>\$ 30,083,245</u>	<u>\$ 10,213,954</u>	<u>\$ 40,297,199</u>	<u>\$ 2,743,865</u>	<u>\$ 1,474,585</u>	<u>\$ 879,671</u>	<u>\$ 776,804</u>	<u>\$ 4,002,146</u>	<u>\$ 50,174,270</u>
2015									
Receipts.....	\$ 31,535,560	\$ 2,840,854	\$ 34,376,414	\$ 3,784,966	\$ 264,124	\$ 1,203,559	\$ 389,893	\$ 1,785,113	\$ 41,804,069
Disbursements.....	29,376,075	2,231,091	31,607,166	1,719,920	-	1,133,593	369,958	12,105,696	46,936,333
Net Surplus (Deficit).....	2,159,485	609,763	2,769,248	2,065,046	264,124	69,966	19,935	(10,320,583)	(5,132,264)
Other Sources (Uses).....	(4,500,000)	(7,000,000)	(11,500,000) ⁽⁴⁾	(3,500,000) ⁽³⁾	(1,000,000) ⁽⁴⁾	-	-	7,476,844 ⁽⁵⁾	(8,523,156)
Beginning Fund Balance.....	30,083,249 ⁽⁶⁾	10,213,955 ⁽⁶⁾	40,297,204	2,743,862 ⁽⁶⁾	1,474,585	879,669 ⁽⁶⁾	776,805 ⁽⁶⁾	4,002,146	50,174,271
Ending Fund Balance.....	<u>\$ 27,742,734</u>	<u>\$ 3,823,718</u>	<u>\$ 31,566,452</u>	<u>\$ 1,308,908</u>	<u>\$ 738,709</u>	<u>\$ 949,635</u>	<u>\$ 796,740</u>	<u>\$ 1,158,407</u>	<u>\$ 36,518,851</u>
2016									
Receipts.....	\$ 33,948,564	\$ 2,989,367	\$ 36,937,931	\$ 3,689,611	\$ 271,185	\$ 1,383,698	\$ 418,541	\$ 1,867,552	\$ 44,568,518
Disbursements.....	30,264,402	3,918,481	34,182,883	1,709,231	-	1,164,637	311,528	2,073,391	39,441,670
Net Surplus (Deficit).....	3,684,162	(929,114)	2,755,048	1,980,380	271,185	219,061	107,013	(205,839)	5,126,848
Other Sources (Uses).....	-	1,000,000 ⁽⁷⁾	1,000,000	(1,000,000) ⁽⁷⁾	-	-	-	-	-
Prior Period Adjustment.....	(590,866)	(14,864)	(605,730)	(35,149)	-	-	-	-	-
Beginning Fund Balance.....	27,742,734	3,823,718	31,566,452	1,308,908	738,708 ⁽⁶⁾	949,635	796,740	1,158,407	36,518,850
Ending Fund Balance.....	<u>\$ 30,836,030</u>	<u>\$ 3,879,740</u>	<u>\$ 35,321,500</u>	<u>\$ 2,254,139</u>	<u>\$ 1,009,893</u>	<u>\$ 1,168,696</u>	<u>\$ 903,753</u>	<u>\$ 952,568</u>	<u>\$ 41,645,698</u>
2017									
Receipts.....	\$ 34,143,506	\$ 2,969,902	\$ 37,113,408	\$ 4,279,643	\$ 271,784	\$ 1,391,860	\$ 354,175	\$ 1,888,188	\$ 45,299,058
Disbursements.....	30,985,554	2,128,520	33,114,074	1,832,247	-	1,221,376	331,129	1,831,826	38,330,652
Net Surplus (Deficit).....	3,157,952	841,382	3,999,334	2,447,396	271,784	170,484	23,046	56,362	6,968,406
Other Sources (Uses).....	-	(2,700,000) ⁽⁸⁾	(2,700,000)	(3,000,000) ⁽⁸⁾	-	-	-	-	(5,700,000)
Beginning Fund Balance.....	30,836,030	3,879,740	34,715,770	2,254,139	1,009,893	1,168,696	903,753	952,568	41,004,819
Ending Fund Balance.....	<u>\$ 33,993,982</u>	<u>\$ 2,021,122</u>	<u>\$ 36,015,104</u>	<u>\$ 1,701,535</u>	<u>\$ 1,281,677</u>	<u>\$ 1,339,180</u>	<u>\$ 926,799</u>	<u>\$ 1,008,930</u>	<u>\$ 42,273,225</u>
Preliminary 2018									
Receipts.....	\$ 39,550,070	\$ 3,025,007	\$ 42,575,076	\$ 3,568,338	\$ 165,298	\$ 1,352,817	\$ 285,596	\$ 1,893,872	\$ 49,840,998
Disbursements.....	32,264,920	2,372,861	34,637,781	1,883,319	-	1,264,594	351,733	1,858,173	39,995,600
Net Surplus (Deficit).....	7,285,150	652,146	7,937,295	1,685,019	165,298	88,223	(66,137)	35,699	9,845,398
Transfer.....	2,000,000	(500,000) ⁽⁹⁾	1,500,000	(2,500,000) ⁽⁹⁾	-	-	-	-	(1,000,000)
Other Sources (Uses).....	-	-	-	-	-	-	-	-	-
Beginning Fund Balance.....	33,993,982	2,021,122	36,015,104	1,701,535	1,281,677	1,339,180	926,799	1,008,930	42,273,225
Ending Fund Balance.....	<u>\$ 43,279,132</u>	<u>\$ 2,173,268</u>	<u>\$ 45,452,399</u>	<u>\$ 886,554</u>	<u>\$ 1,446,975</u>	<u>\$ 1,427,403</u>	<u>\$ 860,662</u>	<u>\$ 1,044,629</u>	<u>\$ 51,118,623</u>

Fund Balance as % of Disbursements

131.22%

127.81%

See footnotes on the following page.

- (1) See “Working Cash Fund” herein for a description of the Working Cash Fund.
- (2) Represents proceeds from the District’s Debt Certificates, Series 2014.
- (3) Represents transfers to the Educational Fund and Operations and Maintenance Fund, which was transferred to the Capital Projects Fund for various capital projects throughout the District.
- (4) Represents the expenditure of bond proceeds and other working cash dollars on capital projects including the addition to Conrady Junior High.
- (5) Represents bond proceeds from the District’s General Obligation Limited School Bonds, Series 2014A.
- (6) Restated fund balance.
- (7) Represents a transfer from the Transportation Fund to cover an Operations and Maintenance Fund deficit.
- (8) Represents a transfer to the Capital Projects Fund for miscellaneous capital projects throughout the District including the transportation facility and purchase of property.
- (9) The amount of \$2 million was transferred to the Educational Fund and \$500,000 from both the Operations and Maintenance Fund and the Transportation Fund were transferred to the Capital Project Fund for miscellaneous capital projects throughout the District.

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2014-2017 and preliminary, unaudited fiscal year 2018 results provided by the District.

On-Behalf Payments Summary

(Years Ended June 30)

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

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

See the District’s Annual Financial Report for the fiscal year ended June 30, 2017 (the “Audit”), attached hereto as Appendix B, for additional information regarding the District’s on-behalf payments.

<u>Fiscal Year</u>	<u>On-Behalf Payments</u>
2013	\$ 4,510,799
2014	5,848,076
2015	5,668,232
2016	6,505,918
2017	7,183,765

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2013-2017.

Working Cash Fund

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

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

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

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the Educational Fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the Educational Fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the Educational Fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including all outstanding loans from the Working Cash Fund to other funds

of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.

Budget Summary

Below is the District’s preliminary budget summary for the fiscal year ended June 30, 2019.

Fund	Fund Balances	FY19	FY19	FY2019	Fund Balances
	July 1, 2018 ⁽¹⁾	Revenue	Expenditures	Other Sources/ (Uses)	June 30, 2019
Education.....	\$ 43,279,131	\$ 40,112,130	\$ 35,523,338	\$ -	\$ 47,867,923
Operations & Maintenance.....	2,173,268	3,151,474	2,589,285	(1,000,000)	1,735,457
Transportation.....	886,554	3,057,474	2,282,224	(1,000,000)	661,804
IMRF/Social Security.....	1,427,403	1,356,356	1,348,456	-	1,435,303
Working Cash.....	1,446,975	62,637	-	-	1,509,612
Total Operating Funds	<u>\$ 49,213,331</u>	<u>\$ 47,740,071</u>	<u>\$ 41,743,303</u>	<u>\$ (2,000,000)</u>	<u>\$ 53,210,099</u>
Debt Service.....	\$ 1,044,629	\$ 1,966,952	\$ 1,898,710	\$ -	\$ 1,112,871
Fire Prevention & Safety.....	296,360	2,501	30,000	-	268,861
Capital Projects.....	1,957,344	20,000	3,000,000	2,000,000 ⁽²⁾	977,344
Tort.....	860,662	285,998	362,455	-	784,205
Total All Funds	<u>\$ 53,372,325</u>	<u>\$ 50,015,522</u>	<u>\$ 47,034,468</u>	<u>\$ -</u>	<u>\$ 56,353,379</u>

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

(2) Miscellaneous capital projects. The District plans to spend approximately \$2 million per year for the next five years on capital projects throughout the District in accordance with the District’s five-year facilities plan.

Source: The District

STATE AID

General

The State provides aid to local school districts on an annual basis as part of the State’s appropriation process. Many school districts throughout the State rely on such “State Aid” as a significant part of their budgets. For the fiscal year ended June 30, 2017, 24.75% of the District’s General Fund revenue came from sources at the State, including State Aid. See “SUMMARY OF OPERATING RESULTS – Combined Educational Fund and Operations and Maintenance Fund Revenue Sources” herein for more information concerning the breakdown of the District’s revenue sources.

General State Aid Through Fiscal Year 2017

Through fiscal year 2017, general State financial aid (“General State Aid”) was allocated to each Illinois school district based on the difference between available local resources per pupil (which was calculated based on a number of factors, including the district’s EAV, the number of students in attendance in the district and the district’s corporate personal property replacement tax receipts) and a foundation level (the “Foundation Level”). The Foundation Level was an amount established annually by the State’s budget representing the minimum level of per pupil financial support that was to be available to provide for the basic education of each pupil. The Foundation Level was established at \$6,119 in each of school years 2013 through 2017.

While the Foundation Level had not been adjusted in recent years, the State appropriation for General State Aid in some fiscal years prior to fiscal year 2017 was reduced. As such, the State was not able to fully fund General State Aid and the amount each district received was prorated (ranging from a 95% proration in fiscal year 2012 to a 92% proration in fiscal year 2016). For fiscal year 2017, the State appropriation was increased to fully fund General State Aid.

In addition to General State Aid, districts with specified levels or concentrations of pupils from low income households were eligible to receive supplemental general State aid financial grants (“Supplemental General State Aid”). Supplemental General State Aid was distributed to districts pursuant to a statutory formula based upon the number of low income pupils in the district. The amount of Supplemental General State Aid received by a district increased as the ratio of low income pupils to the average daily attendance in the district increased.

For fiscal year 2017, the General Assembly approved a budget for elementary and secondary education, which included a \$361 million increase over the fiscal year 2016 appropriation. The budget also included \$250 million in equity grants directed at school districts with a high concentration of poverty students.

General State Aid After Fiscal Year 2017 - Evidence-Based Funding Model

Both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget appropriate General State Aid in an amount \$350 million greater than the appropriation for the preceding fiscal year and require such additional funds to be distributed to school districts under an Evidence-Based Funding Model. The Evidence-Based Funding Model provided for in Public Act 100-465 sets forth a new school funding formula which ties individual district funding to 27 evidence-based best practices that certain research shows enhance student achievement in the classroom. Under the new funding formula, ISBE will calculate an adequacy target (the “Adequacy Target”) each year for each district based upon its unique student population, regional wage differences and best practices. Each district will be placed in one of four tiers depending on how close the sum of its local resources available to support education (based on certain State resources and its expected property tax collections, its “Local Capacity Target”) and its Base Funding Minimum (as hereinafter defined) are to its Adequacy Target; Tier One and Tier Two for those districts that are the furthest away from their Adequacy Targets and Tier Three and Tier Four for those

districts that are the closest to (or above) their Adequacy Targets. For each school year, all State funds appropriated for General State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts (“New State Funds”) will be distributed to districts based on tier placement. Of any New State Funds available, Tier One receives 50%, Tier Two receives 49%, Tier Three receives 0.9%, and Tier Four receives 0.1%. Tier Two includes all Tier One districts for the purpose of the allocation percentages for New State Funds.

For school year 2017-2018, ISBE notified the District that its Local Capacity Target, plus its Base Funding Minimum is 63.0% of its Adequacy Target and that the District has been placed in Tier One. For school year 2017-2018, the District will receive approximately \$620,000 of New State Funds. Until the District is formally notified by ISBE of its Adequacy Target, Local Capacity Target and Tier placement for school year 2018-2019, no assurance can be given that the Adequacy Target, Local Capacity Target, Tier placement and expected New State Funds for school year 2018-2019 will not be materially different than the Adequacy Target, Local Capacity Target, Tier placement and New State Funds for school year 2017-2018.

Public Act 100-465 also provides that each school district will be allocated at least as much in General State Aid in future years as it received in school year 2016-2017 (such amount being that district’s “Base Funding Minimum”), which for the District was \$9,014,766 for school year 2017-2018. No district should receive less General State Aid funding than it received the prior year since all New State Funds received by a district in a year become part of its Base Funding Minimum in the following year. If the State appropriates insufficient funds to cover the cost of the Base Funding Minimum, reductions will be made first to the Base Funding Minimum for all Tier Three and Tier Four school districts on a per pupil basis; provided, however, that such reductions may not reduce State funding for such districts below the Base Funding Minimum for school year 2017-2018. If funds are still insufficient, then further reductions are to be done on a per pupil basis for all school districts. Consequently, reduced appropriations for General State Aid in future years could result in the District receiving less in a future fiscal year than its Base Funding Minimum.

Property Tax Relief Pool Funds

For the purpose of encouraging high tax rate school districts to reduce property taxes, Public Act 100-465 also established a property tax relief grant program (the “Property Tax Relief Pool”). Eligible school districts must have a tax rate above a threshold tax rate determined by ISBE and must apply for the grant and indicate an amount of intended property tax relief, which may not be greater than 1% of EAV for a unit district, 0.69% of EAV for an elementary school district or 0.31% of EAV for a high school district. Public Act 100-465 directs ISBE to process Property Tax Relief Pool applications and, subject to appropriation, provide grants to eligible school districts in order of priority (highest tax rate school districts first) until the Property Tax Relief Pool is exhausted. A school district which receives a property tax relief grant is required to abate its property tax levy by an amount not less than the amount of the grant. The amount of such property tax abatement is based on a statutory calculation which takes into account relative Local Capacity Targets. Pursuant to such calculation, a school district with a low Local Capacity Target will be required to abate less than a school district with a high Local Capacity Target, assuming the amount of property tax relief grants received by the school districts are the same.

Property tax relief grants received by a school district also are included in future calculations of its Base Funding Minimum. Of the \$350 million of New State Funds appropriated in both the Fiscal Year 2018 Budget and the Fiscal Year 2019 Budget, \$50 million was allocated to the Property Tax Relief Pool.

Mandated Categorical State Aid

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as “Mandated Categorical State Aid,” are made to the school district in the fiscal year following the expenditure, provided that the school district files the paperwork necessary to inform the State of such an entitlement. Prior to fiscal year 2018, the School Code provided for Mandated Categorical State Aid with respect to mandatory school programs relating to: (a) special education, (b) transportation, (c) free and reduced breakfast and lunch, and (d) orphanage tuition. Beginning with fiscal year 2018, Mandated Categorical State Aid will be available only with respect to mandatory school programs relating to (a) transportation and (b) extraordinary special education. Mandated Categorical State Aid received by a district in fiscal year 2017 for programming no longer available for Mandated Categorical State Aid in fiscal year 2018 is included in the Base Funding Minimum for that district.

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

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are “mandatory” under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fund fully the Mandatory Categorical State Aid requirements. As such, the District’s revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

Competitive Grant State Aid

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such “Competitive Grant State Aid” is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive

Grant State Aid must compete with other school districts for the limited amount appropriated each year by the State for such program.

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

Payment for Mandated Categorical State Aid and Competitive Grant State Aid

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

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

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

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

SCHOOL DISTRICT FINANCIAL PROFILE

ISBE utilizes a system for assessing a school district's financial health referred to as the "School District Financial Profile" which replaced the Financial Watch List and Financial Assurance and Accountability System (FAAS). This system identifies those school districts which are moving into financial distress.

The system uses five indicators which are individually scored, placed into a category of a four, three, two or one, with four being the best possible, and weighted in order to arrive at a composite district financial profile. The indicators and the weights assigned to those indicators

are as follows: fund balance to revenue ratio (35%); expenditures to revenue ratio (35%); days cash on hand (10%); percent of short term borrowing ability remaining (10%); and percent of long-term debt margin remaining (10%).

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

- **Financial Recognition.** A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- **Financial Review.** A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.
- **Financial Early Warning.** A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.
- **Financial Watch.** A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

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

would have been in certain years based on the scheduled receipt of State Aid payments or evidence-based funding.

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

Fiscal Year (June 30)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2013	3.90	Financial Recognition	3.90	Financial Recognition
2014	3.80	Financial Recognition	3.80	Financial Recognition
2015	3.80	Financial Recognition	3.80	Financial Recognition
2016	3.80	Financial Recognition	3.80	Financial Recognition
2017	3.80	Financial Recognition	3.80	Financial Recognition

RETIREMENT PLANS

The District participates in two defined benefit pension plans: (i) the Teachers’ Retirement System of the State of Illinois (“TRS”), which provides retirement benefits to the District’s teaching employees, and (ii) the Illinois Municipal Retirement Fund (the “IMRF” and, together with TRS, the “Pension Plans”), which provides retirement benefits to the District’s non-teaching employees. The District makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the “Pension Code”).

The following summarizes certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 10 to the Audit, attached hereto as Appendix B.

Background Regarding Pension Plans

The Actuarial Valuation

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

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated

future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standards

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

Beginning with the fiscal year ended June 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans became GASB Statement No. 67 and GASB Statement No. 68 (together, the “New GASB Standards”). Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans, and, therefore, do not require computation of the Annually Required Contribution or a similar contribution number. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans.

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

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

pension plan, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

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

Pension Plans Remain Governed by the Pension Code

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

Teachers' Retirement System of the State of Illinois

The District participates in TRS, which is a cost-sharing multiple-employer defined benefit pension plan that was created by the General Assembly for the benefit of Illinois public school teachers outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

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

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

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 10 to the Audit.

Employer Funding of Teachers' Retirement System

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For the fiscal years ended June 30, 2015 through June 30, 2017, all amounts contributed by the District to TRS were as follows:

Fiscal Year Ended June 30	TRS Contributions
2015	\$ 270,859
2016	311,782
2017	342,487

Source: The District’s audited financial statements for the fiscal years ended June 30, 2015-2017.

For information regarding additional contributions the District may be required to make to TRS with respect to certain salary increases and other programs, see Note 10 to the Audit.

Shift of Contributions from the State to Employers

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

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

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

Although the Cost Shifting Proposal has not been adopted as of the date hereof, the General Assembly approved legislation shifting a portion of the State’s contributions to TRS to individual school districts. On July 6, 2017, the General Assembly enacted Public Act 100-23 (“P.A. 100-23”) which, among other things, requires employers participating in TRS, such as the District, to make certain contributions to TRS that were not required under prior law. P.A. 100-23 includes provisions for a separate set of benefits (the “New Tier Benefits”) applicable to employees hired after the “Implementation Date,” the same being the date on which TRS authorizes new hires to participate in the New Tier Benefits, which P.A. 100-23 directs should be “as soon as possible” after the effective date of P.A. 100-23. Under P.A. 100-23, beginning in Fiscal Year 2018, the District will be responsible for paying the normal cost for those employees earning the New Tier Benefits (as well as the normal cost for certain employees hired after the Implementation Date that elect to earn the benefits currently in place) and to

amortize any unfunded liability related thereto. Finally, P.A. 100-23 mandates that the District make an additional payment to TRS to the extent that any employee's salary exceeds the salary of the Governor of the State of Illinois (currently \$177,412), as calculated therein.

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

Recognition of Net Pension Liability

The New GASB Standards divide the Net Pension Liability of a pension plan for which multiple entities make a portion of the employer contribution among such contributing entities. With respect to TRS, each of the District and the State provide a portion of the employer contribution with respect to the District's TRS liability. As of June 30, 2017, the Net Pension Liability recognized by the District was \$154,086,266, of which the District's proportionate share was \$7,158,427, and the State's proportionate share was \$146,927,839.

Illinois Municipal Retirement Fund

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

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

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

See Note 12 to the Audit for additional information on the IMRF's actuarial methods and assumptions, including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate.

Contributions

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by

the IMRF Board. The District's contribution rate for calendar year 2017 was 13.03% of covered payroll.

For the calendar years ended December 31, 2014 through December 31, 2017, the District contributed the following amounts to IMRF:

Calendar Year Ended December 31	IMRF Contributions
2014	\$ 545,215
2015	511,498
2016	591,419
2017	619,533

Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2017.

Measures of Financial Position

The following table presents the measures of the IMRF Account's financial position as of December 31, 2014 through December 31, 2017 which are presented pursuant to the New GASB Standards. The Total Pension Liability as of December 31, 2017, was calculated pursuant to the current Discount Rate of 7.50%.

Calendar Year Ended December 31	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension Liability
2014	\$ 18,957,298	\$ 16,565,946	\$ 2,391,352	87.39%
2015	20,425,327	16,668,826	3,756,501	81.61%
2016	21,830,315	17,875,991	3,954,324	81.89%
2017	22,314,846	20,363,570	1,951,276	91.26%

Source: Actuarial GASB Disclosures Statement 68 prepared by GRS Retirement Consulting as of December 31, 2017.

See Note 12 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the District's funding policy, information on the assumptions and methods used by the actuary, and the financial reporting information required by the New GASB Standards.

OPEB Summary

The District provides post-employment benefits (“OPEB”) which are administered on a pay-as-you-go basis by the District. The plan provides retirement health coverage to current and eligible future District retirees. Currently, 27 individuals participate in the plan. The District will contribute \$2,620 for single and \$7,000 for family coverage for administrators and certified teachers through the Teachers Retirement Insurance Program for the earlier of five years after retirement or upon attainment of Medicare eligibility age. IMRF retirees and their eligible dependents can remain as participants on the District’s medical insurance plans provided they pay the entire premium. Retiree coverage may continue upon attainment of age 65 as long as the contributions continue. The actuarial accrued liability was \$1,733,144 as of June 30, 2016.

Post-Employment Benefit Trust

The District participates in the Teacher Health Insurance Security (“THIS”) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the General Assembly for the benefit of the State’s retired public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84% during the year ended June 30, 2017, 0.76% during the year ended June 30, 2016 and 0.76% during the year ended June 30, 2015. For the year ended June 30, 2017, the District paid \$140,176 to the THIS fund. For the years ended June 30, 2016 and June 30, 2015, the District paid \$126,627 and \$126,627, respectively, to the THIS Fund, which was 100% of the required contribution.

TAX MATTERS

The 2018A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2018A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2018A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2018A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2018A Bonds.

Subject to the District’s compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2018A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of

tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2018A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

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

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the 2018A Bonds. The AMT for corporations is repealed for taxable years beginning after December 31, 2017.

Ownership of the 2018A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2018A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the 2018A Bonds is the price at which a substantial amount of such maturity of the 2018A Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the 2018A Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the 2018A Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the 2018A Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will

not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2018A Bonds who dispose of 2018A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2018A Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase 2018A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2018A Bond is purchased at any time for a price that is less than the 2018A Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2018A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2018A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2018A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2018A Bonds.

An investor may purchase a 2018A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2018A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2018A Bond. Investors who purchase a 2018A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2018A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2018A Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2018A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds

issued prior to enactment. Prospective purchasers of the 2018A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2018A Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2018A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2018A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2018A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2018A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2018A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the 2018A Bonds is not exempt from present State income taxes. Ownership of the 2018A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2018A Bonds. Prospective purchasers of the 2018A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The 2018B Bonds

Interest on the 2018B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2018B Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the 2018B Bonds should consult their tax advisors with respect to the inclusion of interest on the 2018B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the 2018B Bonds is not exempt from present State income taxes. Ownership of the 2018B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2018B Bonds. Prospective purchasers of the 2018B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the 2018A Bonds are "qualified tax-exempt obligations" under the small issuer

exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

LITIGATION

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

BOND RATING

Moody's has assigned its municipal bond rating of "Aa2" to the Bonds. The rating reflects only the views of Moody's and any explanation of the significance of such rating may only be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by Moody's, if, in the rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriters undertake responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

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

To the best of the District's knowledge there have been no instances in the previous five years in which the District failed to comply in all material respects, with any undertakings previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTAIN LEGAL MATTERS

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

UNDERWRITING

The 2018A Bonds were offered for sale by the District at a public, competitive sale on August 14, 2018. The best bid submitted at the sale was submitted by _____, _____, _____ (the “2018A Underwriter”). The District awarded the contract for sale of the 2018A Bonds to the 2018A Underwriter at a price of \$_____. The 2018A Underwriter has represented to the District that the 2018A Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The 2018A Underwriter may offer and sell the 2018A Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the 2018A Underwriter. The aggregate underwriting fee equals \$_____.

The 2018B Bonds were offered for sale by the District at a public, competitive sale on August 14, 2018. The best bid submitted at the sale was submitted by _____, _____, _____ (the “2018B Underwriter and, together with the 2018A Underwriter, the “Underwriters”). The District awarded the contract for sale of the 2018B Bonds to the 2018B Underwriter at a price of \$_____. The 2018B Underwriter has represented to the District that the 2018B Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The 2018B Underwriter may offer and sell the 2018B Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the 2018B Underwriter. The aggregate underwriting fee equals \$_____.

FINANCIAL ADVISOR

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

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

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

THE OFFICIAL STATEMENT

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

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

Accuracy and Completeness of the Official Statement

This Official Statement has been approved by the District for distribution to the Underwriters.

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

/s/ _____
Assistant Superintendent of Business Operations
School District Number 117
Cook County, Illinois

August __, 2018

Forms of Legal Opinions of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of School District Number 117, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Limited Refunding School Bonds, Series 2018A (the “*Bonds*”), to the amount of \$ _____, dated _____, 2018, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2021	\$	%
2022		%
2023		%
2024		%
2025		%
2026		%
2027		%
2028		%

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

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

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the “*Code*”), but is taken into account in computing an adjustment used in

determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

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

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

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

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of School District Number 117, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the “*Bonds*”), to the amount of \$_____, dated _____, 2018, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2019	\$	%
2020		%
2021		%

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

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

It is our opinion that under present law, interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the Bonds.

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

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District’s knowledge. Our opinion represents our legal judgment

based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Appendix B

Annual Financial Report for Fiscal Year Ended June 30, 2017

The Annual Financial Report of the District contained in this Appendix B (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by Knutte & Associates, P.C., Darien, Illinois (the "Auditor"), and approved by formal action of the Board of Education of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit. If you have a specific question or inquiry relating to the financial information of the District since the date of the Audit, you should contact James Bunn, Assistant Superintendent of Business Operations of the District.

**North Palos Elementary School
District Number 117
Annual Financial Report
For the Year Ended June 30, 2017**

**North Palos Elementary School
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INDEPENDENT AUDITORS' REPORT

To The Board of Education
North Palos Elementary School District 117
Palos Hills, Illinois

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Palos Elementary School District 117 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of North Palos Elementary School District 117, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

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

The major fund budgetary comparison schedules listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This Other Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ending June 30, 2017 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the North Palos Elementary School District 117's basic financial statements. The combining and individual fund financial schedules for the year ended June 30, 2017 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical schedules listed in the accompanying table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2017 on our consideration of the North Palos Elementary School District 117's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. that report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Palos Elementary School District 117's internal control over financial reporting and compliance.

Knuttle & Associates, P.C.

North Palos Elementary School District 117
Management's Discussion and Analysis
June 30, 2017

This section of the North Palos Elementary School District 117's (the District's) annual financial report is management's review of the District's financial performance during the fiscal year ending June 30, 2017.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. North Palos Elementary SD 117 complies with GASB Statement No. 34 by providing comparisons between the two most recent reporting years. The goal of this analysis is to provide the user with easy-to-use information about the District's financial performance during the past fiscal year.

Financial Highlights

- At the close of the fiscal year the District's government-wide assets exceeded its liabilities resulting in a net position of \$69.52 million.
- The District's total government-wide net position increased by \$5.85 million over the prior year.
- Total fund financial revenues were \$52.55 million while total fund financial expenditures were \$58.19 million resulting in a deficit of \$5.64 million.
- The District expended \$12.20 million on capital projects related to building improvements, renovations and additions.
- During the fiscal year the District transferred \$3 million from the Transportation Fund to the Operations & Maintenance Fund and \$ 5.7 million from the Operations & Maintenance Fund to the Capital Projects Fund.

Overview of the Financial Statements

This financial report consists of three parts – Management's Discussion and Analysis (this section), Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- Government-Wide Financial Statements: This consists of the *Statement of Net Position* and the *Statement of Activities*, which provide both long-term and short-term information about the District's overall financial status.
- Fund Financial Statements: These statements focus on individual parts of the District and generally report operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial information.

The major features of the District's financial statements, including the portion of the District's activities they contain is shown in the following table.

**North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017**

Major Features of the Government-Wide and Fund Financial Statements

	Government -Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary such as educational and operations and maintenance	Activities of the District; operates similar to private business. The District currently does not have proprietary funds	Assets held by the District on behalf of someone else such as student activities monies
Required Financial Statements	Statement of Net Position (deficit) and Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting Basis and Measurement Focus	Actual Accounting and Economic Resources Focus	Cash basis accounting and current financial resources focus	Cash basis accounting and economic resources focus	Cash basis accounting and economic resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both financial and capital; short-term and long-term	Revenues for which cash is received during the fiscal year; no capital assets or long-term liabilities included	All assets and liabilities; both financial and capital; short-term and long-term	All assets and liabilities, both short-term and long-term; funds may contain capital assets
Type of Inflow/Outflow Information	All revenue and expenses received or paid during the year	Revenues for which cash is received during the year; Expenditures when goods and services have been received and the related liability is due and payable	All revenues and expenses during the year	All additions or deductions during the year

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government -Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities. Unlike a private sector company, the District cannot readily

North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017

Government-Wide Financial Statements (Continued)

convert fixed assets to liquid assets; the District cannot sell a school building and use the cash. Districts can, and sometimes do, convert fixed assets to cash through the sale of property; however this is a rare event and not easily accomplished.

The government-wide financial statements report the District's net position and how they have changed throughout the year. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one needs to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

The District's government-wide activities are presented as follows:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, community programs, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as working cash).

The District has two types of funds:

Governmental funds – Most of the District's services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is included as a separate statement explaining the relationship (or differences) between them.

North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017

Fund Financial Statements (Continued)

Fiduciary Funds – The District serves as a trustee, or fiduciary, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net position: The following summary data is compared with data from the preceding year.

The District's total net position increased between June 30, 2016 and June 30, 2017.

The following is a summary of the District's net position for the year ending June 30, 2017:

	Governmental Activities 2015-2016	Governmental Activities 2016-2017
Current Cash Assets	\$57,447,803	\$51,808,344
Capital Assets (Less Depreciation)	29,316,534	25,425,169
Other Assets	254,546	14,704,602
Total Assets	\$87,018,883	\$91,938,115
 Total Deferred Outflows	 \$ 212,231	 \$ 194,545
 Current Liabilities (Short term debt)	 \$ 940,000	 \$ 985,000
Noncurrent Liabilities (Long term debt)	22,620,514	21,629,247
Total Liabilities	\$23,560,514	\$22,614,247
 Total Deferred Inflows	 \$ -	 \$ -
 Net Position		
Invested in Capital (Net of Debt)	\$ 22,150,453	\$ 26,938,110
Operations & Maintenance	3,879,740	2,021,122
Transportation	2,254,139	1,701,535
Retirement	1,168,696	1,339,180
Fire Prevention & Safety	478,984	293,661
Tort Immunity	903,753	926,799
Working Cash	1,009,893	1,281,677
Restricted for Debt Service	952,568	1,008,930
Unrestricted	30,872,374	34,007,399
 Prior Period Adjustment	 -	 -
Total Net Position	\$63,670,600	\$69,518,413
 Change in Net Position	 \$ 7,765,237	 \$ 5,847,813

North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017

Change in net position: The stated change in net position was an increase of \$5,847,813. This increase is due mainly to increased capital assets and increased cash.

The following is a chart showing the Condensed Statement of Revenues, Expenses and Changes in Net Position. The chart shows a comparison of the current to prior year:

	Year Ended June 30,		Dollar Variance
	2016	2017	
REVENUES			
Program Revenues:			
Charges for Service	\$ 570,184	\$ 541,224	\$ (28,960)
Operating Grants and Contributions	5,455,067	4,610,681	(844,386)
Capital Grants and Contributions	0	0	0
On-behalf Payment for TRS	6,505,918	7,183,765	677,847
General Revenues:			
Property Taxes	31,284,966	32,132,476	847,510
Other	7,291,655	8,084,948	793,293
Total Revenues	\$51,107,790	\$52,553,094	\$1,445,304
EXPENSES			
Expenses by Function:			
Instruction	\$22,638,540	\$22,992,827	\$ 354,287
Support Services	12,097,036	14,276,819	2,179,783
Community Services	60,165	60,365	200
Nonprogrammed Charges	1,128,406	1,300,582	172,176
Debt Service Interest	912,488	890,923	(21,565)
On-behalf Payments to TRS	6,505,918	7,183,765	677,847
Total Expenses	\$43,342,553	\$46,705,281	\$3,362,728
Prior Period Adjustment	0	0	
CHANGE IN NET POSITION	\$ 7,765,237	\$ 5,847,813	\$(1,917,424)
<i>ENDING NET POSITION</i>	\$63,670,600	\$69,518,413	\$ 5,847,813

Governmental Activities:

- The total revenue for the District was \$52.55 million which was an increase of \$1.45 million over the prior year.
- 61% of the total District revenue is generated from local property taxes while another 11% is generated from grants.

North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017

Governmental Activities (Continued) :

- District expenditures increased by \$3,362,728 over the prior year. The majority of the increase can be attributed to the increased costs related to instructional services and building improvements .
- The District continues to rely heavily on property taxes to support the educational programs. That revenue alone is not sufficient to support all District programs and increases are limited on an annual basis due to the Property Tax Extension Limitation Law. That law states that increases in property tax revenue are limited to the lesser of 5% or the Consumer Price Index on an annual basis.
- The costs for all governmental programs totaled \$46,705,281. Expenses are predominantly related to instruction (salaries and benefits) and instructional support services such as transportation and maintenance of the physical plant.

Financial Analysis of the District's Funds

The financial health of the District has been stable due to the successful tax rate referendum in April of 2005. A completed five-year financial projection shows that the District will be able to maintain good financial health for the foreseeable future.

- The Education Fund experienced a current year operating surplus of \$3.16 million.
- The Operations & Maintenance Fund experienced a current year operating deficit of \$1.86 million due to a transfer to the Capital Projects Fund.
- The Capital Projects Fund experienced a current year operating deficit of \$6.72 million.
- The total of the District's funds experienced a current year operating deficit of \$5.64 million due to building additions and renovations in the Capital Projects Fund.
- Interest earnings on investments remain weak due to economic issues. While the District does have numerous investments, we are not able to rely on that income under current economic conditions as we have in past years.
- The District funds have healthy balances and therefore the financial health of the District remains strong.

General Fund Budgetary Highlights

- The District budget is prepared according to Illinois law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances.
- The overall revenues in the Education Fund were higher than anticipated. However, state on-behalf contributions are not budgeted by the District. Additionally, the District received TIF revenue earlier than expected.
- The overall expenditures in the Education Fund were higher than anticipated due to the state on-behalf contributions for TRS. The District does not budget for this. However, the actual expenditures disbursed from the Education Fund were lower than anticipated due mainly to funds not expended for instruction and support services.

**North Palos Elementary School District 117
Management's Discussion and Analysis (Continued)
June 30, 2017**

Long-Term Debt: The District has issued bonds for Capital Appreciation Bonds (CAB), Limited Tax Bonds, Limited Tax Capital Appreciation Bonds, and School Bonds.

Outstanding Debt For The Year Ended June 30, 2017

	2016	2017
Series 2008 A School Bonds	9,240,000	9,240,000
Series 2008 B School Bonds	615,000	615,000
Series 2008 C School Bonds	3,775,000	3,715,000
Series 2013 Refunding Bonds	1,355,000	700,000
Series 2014 A Refunding Bonds	8,505,000	8,280,000
<i>Totals</i>	\$23,490,000	\$22,550,000

Revenue is collected by the County Assessor to cover the payments on these bonds. Bond payments are not under the tax cap.

Factors Bearing on the District's Financial Future

- Over the last several years, the District has seen significant annual increases in General State Aid. The District now expects to see General State Aid revenue to flatten in the future even as a new General State Aid formula is in place.
- Five-year financial forecasts are completed on an annual basis. The current forecast predicts that the District will have sufficient revenues to continue operating at the current level during that time period.
- The District unfortunately continues to feel the effects of the financial condition of the State of Illinois as the State continues to prorate funding. We are hopeful that this has been corrected in the new funding formula, however, we are concerned about the State's ability to commit funds to schools in the future. In addition, the District continues to stay engaged in the processes of possible changes in legislation related to school funding, a teacher pension cost shift, or a property tax freeze.
- The District is wrapping up a major renovation and addition project at the junior high. At the same time, the District is planning maintenance and improvements to the transportation facilities. The administration and school board will continue to maintain short-term and long-term plans for completing needed maintenance and improvements to facilities.

Contacting the District's Financial Management Team

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. James Bunn, Asst. Supt. of Business Operations, North Palos Elementary School District 117, 7825 W. 103rd Street, Palos Hills, IL 60465.

North Palos Elementary School District Number 117
Statement of Net Position (Modified Cash Basis)
June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 51,808,344
Capital Assets	
Capital Assets Not Being Depreciated	14,704,602
Other Capital Assets, Net of Depreciation	25,425,169
Total Capital Assets	<u>40,129,771</u>
TOTAL ASSETS	<u>91,938,115</u>
DEFERRED OUTFLOWS	
Future Cost on Debt Refunding	<u>194,545</u>
TOTAL DEFERRED OUTFLOWS	<u>194,545</u>
LIABILITIES	
Due in One Year	
Bonds Payable	985,000
Due in More Than One Year	
Bonds Payable (net of premiums and discounts)	21,448,119
Compensated Absences	48,818
Other Post-Employment Benefits	<u>132,310</u>
TOTAL LIABILITIES	<u>22,614,247</u>
DEFERRED INFLOWS	<u>0</u>
NET POSITION	
Net Investment in Capital Assets	26,938,110
Permanently Restricted - Working Cash	1,281,677
Temporarily Restricted	
Operations & Maintenance	2,021,122
Transportation	1,701,535
Retirement	1,339,180
Fire Prevention & Safety	293,661
Tort Immunity	926,799
Debt Service	1,008,930
Unrestricted Amounts	<u>34,007,399</u>
TOTAL NET POSITION	<u><u>\$ 69,518,413</u></u>

See Accompanying Notes To The Financial Statements.

North Palos Elementary School District Number 117
Statement of Activities (Modified Cash Basis)
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>REVENUE AND CHANGES IN NET POSITION</u>
				<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS				
Governmental Activities				
Instruction	\$ 22,992,827	\$ 541,224	\$ 4,610,681	\$ (17,840,922)
Support Services	14,276,819	0	0	(14,276,819)
Community Services	60,365	0	0	(60,365)
Nonprogrammed Charges	1,300,582	0	0	(1,300,582)
State On Behalf Contributions	7,183,765	0	7,183,765	0
Interest on Long-Term Debt	890,923	0	0	(890,923)
TOTAL	<u>\$ 46,705,281</u>	<u>\$ 541,224</u>	<u>\$ 11,794,446</u>	<u>(34,369,611)</u>
GENERAL REVENUES				
Taxes				
Property taxes levied for general purposes				31,232,825
Replacement taxes for general purposes				421,983
TIF Surplus				477,668
General State Aid				7,554,854
Investment Earnings				328,080
Other general revenues				202,014
TOTAL GENERAL REVENUES				<u>40,217,424</u>
CHANGE IN NET POSITION				5,847,813
NET POSITION,				
BEGINNING OF YEAR				<u>63,670,600</u>
END OF YEAR				<u>\$ 69,518,413</u>

See Accompanying Notes To The Financial Statements.

**North Palos Elementary School District Number 117
Statement of Assets, Liabilities and Fund Balances -
Modified Cash Basis - Governmental Funds
June 30, 2017**

	Education	Operations & Maintenance	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash	\$ 33,993,982	\$ 2,021,122	\$ 9,241,458	\$ 6,551,782	\$ 51,808,344
TOTAL ASSETS	<u>33,993,982</u>	<u>2,021,122</u>	<u>9,241,458</u>	<u>6,551,782</u>	<u>51,808,344</u>
TOTAL DEFERRED OUTFLOWS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>33,993,982</u>	<u>2,021,122</u>	<u>9,241,458</u>	<u>6,551,782</u>	<u>51,808,344</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL DEFERRED INFLOWS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES					
Nonspendable	0	0	0	1,281,677	1,281,677
Restricted	0	2,021,122	0	5,270,105	7,291,227
Assigned	0	0	9,241,458	0	9,241,458
Unassigned	33,993,982	0	0	0	33,993,982
TOTAL FUND BALANCES	<u>33,993,982</u>	<u>2,021,122</u>	<u>9,241,458</u>	<u>6,551,782</u>	<u>51,808,344</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 33,993,982</u>	<u>\$ 2,021,122</u>	<u>\$ 9,241,458</u>	<u>\$ 6,551,782</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets used in governmental funds are not financial resources and therefore are not reported in the fund financial statements.	40,129,771
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds. These liabilities consist of:	
Bonds Payable	(22,550,000)
Bond Premium	(12,300)
Compensated Absences	(48,818)
Some assets reported in the statement of net position do not provide current financial resources and therefore are not reported as assets in the governmental funds. These assets consist of:	
Unamortized Bond Discount	129,181
Future Cost on Debt Refunding	194,545
Other Post Employment Benefits Obligation is not recorded as a liability in the fund financial statements.	(132,310)
NET POSITION OF GOVERNMENTAL FUNDS	<u>\$ 69,518,413</u>

See Accompanying Notes To The Financial Statements.

North Palos Elementary School District Number 117
Statement of Revenues Received, Expenditures Disbursed and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	Education	Operations & Maintenance	Capital Projects	Other Governmental Funds	Total
REVENUES RECEIVED					
Local Sources	\$ 22,282,578	\$ 2,969,902	\$ 68,502	\$ 7,882,812	\$ 33,203,794
State Sources	9,165,855	0	0	304,607	9,470,462
Federal Sources	2,695,073	0	0	0	2,695,073
State On Behalf Contributions	7,183,765	0	0	0	7,183,765
TOTAL REVENUES RECEIVED	41,327,271	2,969,902	68,502	8,187,419	52,553,094
EXPENDITURES DISBURSED					
Current					
Instruction	20,833,046	0	0	511,830	21,344,876
Support Services	8,794,872	2,128,520	12,491,044	3,057,606	26,472,042
Community Services	57,957	0	0	2,408	60,365
Nonprogrammed Charges	1,299,679	0	0	0	1,299,679
Debt Service					
Principal	0	0	0	940,000	940,000
Interest	0	0	0	890,923	890,923
Bond Fees	0	0	0	903	903
State On Behalf Contributions	7,183,765	0	0	0	7,183,765
TOTAL EXPENDITURES DISBURSED	38,169,319	2,128,520	12,491,044	5,403,670	58,192,553
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	3,157,952	841,382	(12,422,542)	2,783,749	(5,639,459)
OTHER FINANCING SOURCES (USES)					
Transfers In	0	3,000,000	5,700,000	0	8,700,000
Transfers Out	0	(5,700,000)	0	(3,000,000)	(8,700,000)
TOTAL OTHER FINANCING SOURCES (USES)	0	(2,700,000)	5,700,000	(3,000,000)	0
NET CHANGE IN FUND BALANCES	3,157,952	(1,858,618)	(6,722,542)	(216,251)	(5,639,459)
FUND BALANCES, BEGINNING OF YEAR	30,836,030	3,879,740	15,964,000	6,768,033	57,447,803
END OF YEAR	\$ 33,993,982	\$ 2,021,122	\$ 9,241,458	\$ 6,551,782	\$ 51,808,344

See Accompanying Notes To The Financial Statements.

North Palos Elementary School District Number 117
Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances of Governmental Funds to the Statement of Activities -
(Modified Cash Basis)
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances - Governmental Funds)	\$ (5,639,459)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation of Capital Assets is not considered an expenditure in the fund financial statements but is considered an expense in the government-wide statements.	(1,636,532)
Purchase of Capital Assets is considered an expenditure in the fund financial statements but is not considered an expense in the government-wide statements.	12,195,223
Principal debt payments are considered an expenditure in the fund financial statements but are not considered an expense in the government-wide statements.	940,000
The issuance of long-term debt in prior years resulted in: bond issuance costs, premiums and deferred amounts that were reported as current financial resources in the government funds. However, these amounts have been amortized in the government-wide statements	
Amortization of deferred amount on refunding	(17,686)
Amortization of bond premium	24,600
Amortization of bond discount	(13,092)
The change in compensated absences is not recorded in the fund financial statements.	<u>(5,241)</u>
Change in Net Position of Governmental Activities (Statement of Activities - Modified Cash Basis)	<u>\$ 5,847,813</u>

See Accompanying Notes To The Financial Statements.

North Palos Elementary School District Number 117
Fiduciary Fund
Agency Fund - Student Activity Accounts
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Cash in the Custody of the School District	\$ 69,931	\$ 86,656	\$ (84,747)	\$ 71,840
TOTAL ASSETS	<u>69,931</u>	<u>86,656</u>	<u>(84,747)</u>	<u>71,840</u>
LIABILITIES				
Due to Activity Organizations	69,931	\$ 86,656	\$ (84,747)	71,840
TOTAL LIABILITIES	<u>\$ 69,931</u>	<u>\$ 86,656</u>	<u>\$ (84,747)</u>	<u>\$ 71,840</u>

See Accompanying Notes To The Financial Statements.

North Palos Elementary School District Number 117
Notes To The Financial Statements
For The Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Palos Elementary School District 117 (the "School District") operates as a public school system under the direction of its Board of Education. In meeting the educational needs of the students within its boundaries, the District also operates a school lunch program and provides student transportation services at the four schools included in the District.

A. Reporting Entity

The School District follows the provisions of Governmental Accounting Standards Board Statement No. 39, "Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14". As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate, tax-exempt entities and meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The School District has concluded that no entities meet the criteria of Statement 39 for inclusion as a component unit. Likewise, the School District is not required to be included as a component unit of any other entity.

Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity", is an amendment of GASB Statements No. 14 and No. 39, which does not have impact on the current year financial statements.

B. GASB Pronouncements

As of July 1, 2012, the District has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position.

As of July 1, 2012, the District has implemented GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities". The objective of this statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also recognizes as outflows of resources or inflows of resources certain items that were previously reported as assets and liabilities.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GASB Pronouncements (Continued)

As of July 1, 2014, the District has implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" which is an amendment of GASB Statement No. 27. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Upon implementation of GASB 68, the District has also implemented GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. The School District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges to residents who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other income items that are not specifically related to a function are reported as general revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets and deferred outflows, liabilities and deferred inflows, fund equity, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type and

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

Governmental Funds (Governmental Activities)

Governmental fund types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination. A brief explanation of the School District's governmental funds follows:

General Funds

The Educational Fund is the general operating fund of the School District. It is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Operations and Maintenance Fund – This fund accounts for the revenues of taxes levied for maintenance supplies and staff for the general upkeep of all schools within the School District.

Transportation Fund - This fund accounts for the revenues of taxes levied and related expenses for the transportation of students to and from the schools.

IMRF and Social Security Fund - These funds account for the revenues of taxes levied and related expenses for employer payments for retirement contributions.

Fire Prevention and Safety Purpose Fund - This fund accounts for various building improvements for life safety purposes.

Tort Immunity Fund – This fund accounts for the District's various insurance coverages.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets, excluding those types of capital related outflows financed by proprietary funds.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Debt Service Fund

The Bond and Interest Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Fund

The Working Cash Fund is used to account for the financial resources held by the School District to be used for loans for working capital requirements.

MAJOR FUNDS

The District reports the following major funds:

- Education
- Operations and Maintenance
- Capital Projects

NON-MAJOR FUNDS

The District reports the following non-major funds:

- Transportation
- IMRF
- Social Security
- Fire Prevention and Safety Purposes
- Tort Immunity
- Bond and Interest
- Working Cash

FIDUCIARY ACTIVITIES

The Student Activity Funds account for funds collected which are held in escrow by the School District. The funds are collected by the student body and are used at their discretion.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting also refers to the timing of the measurements made, regardless of the measurement focus applied. The government-wide Statement of Net Position and Statement of Activities were both prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The fund financial statements were prepared on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when collected and expenditures are recognized when paid. Furthermore, only assets, liabilities, and fund balances arising from cash transactions are recognized. Accordingly, recognition of receivables, payables, and other accrued or deferred items is not applicable. The difference between the modified cash basis of accounting and the cash basis of accounting is that the former includes capital assets and long-term debt, which the latter does not.

Standards established by Generally Accepted Auditing Standards (GAAS) require GAAP for governmental units. Conformance with GAAP would require the financial statements to be prepared on the accrual or modified accrual basis of accounting. Accordingly, these financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

E. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the flow of economic resources measurement focus, which means all assets, deferred outflows, liabilities (whether current or non-current), and deferred inflows are included on the Statement of Net Position and the operating statements present increases and decreases in net total position.

In the fund financial statements, all governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

F. Use of Estimates

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

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budget and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Board of Education adopts a Budget Ordinance which serves as an operating budget.
2. Budget hearings are conducted.
3. The budget is legally enacted through passage of an ordinance no later than October 1.
4. The Board of Education may amend the budget.

H. Cash and Cash Equivalents

The School District considers all highly liquid investments with an initial maturity date within three months of the date acquired by the School District and investment pools to be cash equivalents.

I. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In the government-wide financial statements, the School District has adopted a capitalization threshold of \$3,000 for capital asset additions. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Donated capital assets are stated at their fair market value as of the date donated.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 to 50 years
Improvements	10 to 20 years
Transportation and Other Equipment	5 to 20 years

FUND FINANCIAL STATEMENTS

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlays in the fund from which the expenditure was made. Public domain (infrastructure) assets consisting of roads, curbs and gutters, sidewalks, drainage systems, and lighting systems are not capitalized in the fund financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes

Property taxes are levied each year on all taxable real property in the District on or before the last Tuesday in December. The 2016 tax levy was passed by the Board of Education in December 2016, and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in approximately March and September 2017 and are collected by the County Collectors of Cook County, who, in turn, remit to the District its respective share.

K. Interfund Receivables/Payables

Amounts due to and due from other funds can arise during the course of the School District's operations because of numerous transactions between funds to finance operations, provide services, construct assets and service debt. At June 30, 2017, interfund receivables and payables do not exist.

L. Transfers

During the normal course of School operations, transfers between funds arise to reimburse individual funds for expenditures/expenses incurred for the benefit of other funds. Typical expenses in the category are general administrative and maintenance expenses. At June 30, 2017, transfers of \$8,700,000 exist within the governmental activities of the district.

M. Compensated Absences

As of June 30, 2017, the amount of compensated absences and paid time off is \$48,818. This liability is accounted for as a governmental activity on the Government-Wide Statement of Net Position. Employees earn twelve sick days per year and are not required to use them during the year. Unused sick days are paid to employees with at least fifteen years of full-time service upon their retirement from the District.

N. Equity Classifications

GOVERNMENT -WIDE FINANCIAL STATEMENTS

Equity is classified as net position and displayed in three components:

- Net Investment in capital assets – consists of capital assets, net of accumulated depreciation and related debt, if applicable.
- Restricted Amounts – consists of amounts with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Amounts – consists of all other amounts that do not meet the definition of restricted or invested in capital assets.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.
- Restricted – consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either; a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed – consists of resources constrained (issuance of an ordinance) to specific purposes by a government itself, using its highest level of decision-making authority, the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned – amounts that are constrained by the Board of Education's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Board of Education itself or (b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Education, who is authorized to assign amounts to a specific purpose.
- Unassigned – consists of the residual net resources of a fund that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

The School District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the School District considers committed funds to be expended first followed by assigned and, lastly, unassigned funds.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

FUND FINANCIAL STATEMENTS

Fund	Education	Operations & Maintenance	Capital Projects	Other Governmental Funds	Total
Nonspendable					
Working Cash	\$ 0	\$ 0	\$ 0	\$ 1,281,677	1,281,677
Restricted					
Operations and Maintenance	0	2,021,122	0	0	2,021,122
Transportation	0	0	0	1,701,535	1,701,535
IMRF	0	0	0	633,051	633,051
Social Security	0	0	0	706,129	706,129
Fire Prevention and Safety	0	0	0	293,661	293,661
Tort Immunity	0	0	0	926,799	926,799
Debt Service	0	0	0	1,008,930	1,008,930
Assigned					
Capital Projects	0	0	9,241,458	0	9,241,458
Unassigned	33,993,982	0	0	0	33,993,982
	<u>\$ 33,993,982</u>	<u>\$ 2,021,122</u>	<u>\$ 9,241,458</u>	<u>\$ 6,551,782</u>	<u>\$ 51,808,344</u>

NOTE 2 - CASH

The School District is allowed to invest in securities as authorized by the Illinois Revised Statutes, Chapter 85, Section 902 and 906.

The School District maintains a cash and investment pool that is available for use by all funds. The portion of each fund in this pool is displayed on the combined balance sheet as "Cash."

A. Deposits

At June 30, 2017, the carrying amount of the School District's deposits was \$51,808,344 and the bank balance was \$56,420,111.

B. Policies for Investments

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the District's deposits may not be returned to it. The District's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by a third party in the District's name.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 2 - CASH (CONTINUED)

B. Policies for Investments (Continued)

The District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

NOTE 3 – TRANSFERS

For the year ended June 30, 2017, the School District had the following transfers:

	Transfer In	Transfer Out
Operations & Maintenance	\$ 3,000,000	\$ 5,700,000
Capital Projects	\$ 5,700,000	\$ 0
Transportation	0	3,000,000
	<u>\$ 8,700,000</u>	<u>\$ 8,700,000</u>

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 is as follows. Asset additions and depreciation amounts have been adjusted to reflect total asset amounts meeting the \$3,000 threshold as stated in Note 1. Total depreciation expense for the year ended June 30, 2017 was \$1,636,532.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Assets Not Subject to Depreciation				
Land	\$ 254,546	\$ 2,475,000	\$ 0	\$ 2,729,546
Construction in Process	3,684,420	8,290,636	0	11,975,056
	<u>3,938,966</u>	<u>10,765,636</u>	<u>0</u>	<u>14,704,602</u>
Assets Subject to Depreciation				
Buildings	40,849,756	967,157	0	41,816,913
Improvements	3,079,388	0	0	3,079,388
Transportation Equipment	1,698,640	250,280	0	1,948,920
Other Equipment	2,935,767	212,150	0	3,147,917
	<u>48,563,551</u>	<u>1,429,587</u>	<u>0</u>	<u>49,993,138</u>
Less Accumulated Depreciation:				
Buildings	(18,330,296)	(1,216,370)	0	(19,546,666)
Improvements	(1,737,455)	(109,193)	0	(1,846,648)
Transportation Equipment	(1,057,227)	(82,984)	0	(1,140,211)
Other Equipment	(1,806,459)	(227,985)	0	(2,034,444)
Total Accumulated Depreciation	<u>(22,931,437)</u>	<u>(1,636,532)</u>	<u>0</u>	<u>(24,567,969)</u>
Subtotal	<u>25,632,114</u>	<u>(206,945)</u>	<u>0</u>	<u>25,425,169</u>
Net Capital Assets Subject to Depreciation	<u>25,632,114</u>	<u>(206,945)</u>	<u>0</u>	<u>25,425,169</u>
Net Capital Assets	<u>\$29,571,080</u>	<u>\$10,558,691</u>	<u>\$ 0</u>	<u>\$40,129,771</u>

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 5 – DEBT COMMITMENTS

A. Debt Transactions

The following is a summary of long-term debt transactions for the year ended June 30, 2017:

	Balance June 30, 2016	New Debt	Principal Paid	Balance June 30, 2017	Amount Due Within One Year
General Obligation Bonds:					
Series 2008 A	9,240,000	0	0	9,240,000	0
Series 2008 B	615,000	0	0	615,000	0
Series 2008 C	3,775,000	0	60,000	3,715,000	35,000
Series 2013 Refunding	1,355,000	0	655,000	700,000	700,000
Series 2014 A Refunding	8,505,000	0	225,000	8,280,000	250,000
Subtotal	<u>\$ 23,490,000</u>	<u>\$ 0</u>	<u>\$ 940,000</u>	<u>\$ 22,550,000</u>	<u>\$ 985,000</u>
Premium on Series 2013	<u>36,900</u>	<u>0</u>	<u>(24,600)</u>	<u>12,300</u>	
Discount on Series 2008 ABC	(91,207)	0	7,601	(83,606)	
Discount on Series 2013	(3,816)	0	2,538	(1,278)	
Discount on Series 2014 A	<u>(47,250)</u>	<u>0</u>	<u>2,953</u>	<u>(44,297)</u>	
Subtotal	<u>\$ (142,273)</u>	<u>\$ 0</u>	<u>\$ 13,092</u>	<u>\$ (129,181)</u>	
Total	<u>\$ 23,384,627</u>	<u>\$ 0</u>	<u>\$ 928,492</u>	<u>\$ 22,433,119</u>	

B. General Obligation Bonds

General Obligation Bonds, Series 2008A Taxable Limited School Bonds

Originally issued for \$9,240,000, provides for annual installments of \$820,000 to \$1,540,000 beginning on December 1, 2021 with semiannual interest payments on June 1 and December 1, at a rate of 4.00%.

General Obligation Bonds, Series 2008B Taxable Limited School Bonds

Originally issued for \$615,000, provides for an installment of \$615,000 on May 1, 2028, with semiannual interest payments on November 1 and May 1, at a rate of 4.00%.

General Obligation Bonds, Series 2008C Taxable Limited Refund School Bonds

Originally issued for \$4,225,000, provides for installments of \$20,000 to \$1,150,000 beginning on December 1, 2008 with semiannual interest payments on June 1 and December 1 at rates varying from 5.10% to 5.70%.

General Obligation Bonds, Series 2013 Limited Refunding School Bonds

Originally issued for \$3,500,000, provided for installments of \$655,000 to \$1,050,000 beginning on December 1, 2014 with semiannual interest payments on June 1 and December 1 at a rate of 2.00%.

General Obligation Bonds, Series 2014A Limited School Bonds

Originally issued for \$8,505,000, provides for annual installments of \$225,000 to \$1,780,000 beginning on December 1, 2016 with semiannual interest payments on June 1 and December 1 at rates varying from .78% to 3.55%.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 5 – DEBT COMMITMENTS (CONTINUED)

C. Annual Principal and Interest Requirements

The schedule of principal and interest for long-term debt is as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 985,000	\$ 872,810	\$ 1,857,810
2019	1,040,000	836,503	1,876,503
2020	1,115,000	780,290	1,895,290
2021	1,200,000	718,167	1,918,167
2022	1,215,000	657,560	1,872,560
2023 - 2027	6,880,000	2,483,113	9,363,113
2028 - 2032	8,335,000	1,034,099	9,369,099
2033	1,780,000	31,595	1,811,595
	<u>\$ 22,550,000</u>	<u>\$ 7,414,137</u>	<u>\$ 29,964,137</u>

D. Legal Debt Margin

A fund balance of \$1,008,930 is available in the Debt Service fund for the retirement of long-term debt.

The Illinois School Code limits the amount of indebtedness to 6.9% of \$572,450,197, the most recent available equalized assessed valuation of the District. Since the bond principal is the only District indebtedness subject to the limit, the District's remaining debt margin as of June 30, 2017 is \$17,065,945.

E. Defeasance of Debt – Prior Years

In prior years, the School District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's government-wide financial statements. As of June 30, 2017, the amount of defeased debt outstanding amounted to \$2,520,000.

F. Changes in Other Long-Term Items

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Assets				
Future Cost on Debt Refunding	\$ 212,231	\$ 0	\$ 17,686	\$ 194,545
Liabilities				
Compensated Absences	43,577	5,241	0	48,818
Other Post-Employment Benefits	132,310	0	0	132,310

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 6 – EXPENDITURES IN EXCESS OF BUDGET

For the year ended June 30, 2017, expenditures exceeded authorized budget amounts in the Educational Fund. The actual expenditures in the Educational Fund includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts. Without the addition of the on-behalf payments, the Education Fund expenditures were under the budgeted amount.

At June 30, 2017, the Fire Prevention and Safety Purposes fund had expenditures in excess of budget of \$87,092.

NOTE 7 - DEFICIT FUND BALANCE

For the year ended June 30, 2017, none of the School District’s funds had deficit fund balances.

NOTE 8 - RISK MANAGEMENT

The School 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. Settlements, if applicable, have not exceeded insurance coverage in each of the last three years.

The District has joined together with other school districts in the Suburban School Cooperative Insurance Pool (SSCIP) a public entity risk pool, currently operating as a common risk management and insurance program for approximately 64 member school districts. The district pays premiums to SSCIP for workers’ compensation coverage.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 8 - RISK MANAGEMENT (CONTINUED)

**SUBURBAN SCHOOL COOPERATIVE INSURANCE POOL (SSCIP)
COVERAGE SUMMARY
December 31, 2016 to December 31, 2017**

COVERAGE		
Number of SSCIP Members – 63		
Great American Package (Property/General Liability/ Auto Liability/ School Board Legal/Crime)		
Total Package Loss Fund - \$2,835,000 (including School Board Legal)		
BUSINESS PROPERTY	CARRIER	LIMITS
Business Real & Personal Property Blanket/Agreed Value on first \$1M per occurrence by district (includes Buildings, contents, Auto Physical Damage, Inland Marine)	Great American Insurance Co. Policy #3128229	\$1,000,000 Per Occurrence – Great American
Valuation (Basis of Replacement):		
Buildings and Personal Property Mobile Equipment & Vehicles	Replacement Cost	Blanket Limit \$1,000,000 Per Occurrence \$1,000,000 Per Occurrence Replacement Cost for equipment 10 years or newer (over 10 years old ACV will apply)
Personal Property of Employees/Students Food Spoilage Joint Loss Agreement Debris Removal Damage by Civil Authority Member Maintenance Deductible Pool SIR (Self Insured Retention)		\$2,500 Per Employee/\$1,000 per Student \$50,000 any one occurrence Included Included Included \$2,500 \$250,000
Hartford Excess Property	Hartford Insurance Co. Policy #83 UFC ZX0020 (Admitted Company)	\$500,000,000 Per Occurrence
Flood - Annual Aggregate - excluding Zone A	(Admitted Company)	\$25,000,000
Flood - Annual Aggregate including Zone A (Selective Package) Limit is part of flood aggregate limit		\$2,000,000
Earthquake - Annual Aggregate		\$25,000,000
Business Income		Actual Loss Sustained - per members sublimit on SOV
Extra Expense		members/District submit per district Schedules (Waukegan #60 w/ \$4,000,000 and Arlington #25 w/ \$5,000,000)
Water Damage (other than flood) Including Back Up Sewer & Drains		Included
EDP Equipment Including Mechanical Breakdown		Included - Sublimit per District Statement of Property Values Submitted to Company
EDP Media		Included - Sublimit per District Statement of Property Values Submitted to Company
EDP Extra Expense		Included - Sublimit per District Statement of Property Values Submitted to Company
Valuable Papers		Included - Sublimit per District Statement of Property Values Submitted to Company
Accounts Receivable		Included - Sublimit per District Statement of Property Values Submitted to Company
Mobile Equipment		Included - Sublimit per District Statement of Property Values Submitted to Company
Miscellaneous Property		Included - Sublimit per District Statement of Property Values Submitted to Company
Fine Arts, Audio Visual, Musical Instruments, Books, Uniforms, etc.		Included - Sublimit per District Statement of Property Values Submitted to Company
Signs		Included - Sublimit per District Statement of Property Values Submitted to Company
Ordinance or Law	Pool Limit	\$10,000,000
Newly Constructed or Acquired Property – 90 Days Reporting	Pool Limit	\$4,000,000
Builders Risk – Must be reported	Pool Limit	\$5,000,000

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 8 - RISK MANAGEMENT (CONTINUED)

GENERAL LIABILITY / EMPLOYEE BENEFITS LIABILITY

Per Occurrence per district member	Great American Insurance Co.	\$11,000,000
General Aggregate per district member	Policy #3128229	\$11,000,000
Medical Payments - Per Person		Not covered
Fire Legal Liability - Real Property		\$200,000 any one fire
Employee Benefit Liability - Occurrence		\$11,000,000
General Aggregate per district member		\$11,000,000
Trustees, board members, employees, substitute teachers, student teachers, volunteer workers, PTA and PTO members are included as Insured		Included
Blanket Contractual		Included
Broad Form Property Damage		Included
Personal Injury		Included
Advertising Injury		Included
Incidental Malpractice		Included
Athletic Participation		Included
Professional Liability for Nurses while on Duty		Included
Sexual Abuse or Molestation		Included
Pool SIR		\$250,000

AUTOMOBILE

Liability - Per Occurrence	Great American Insurance Co.	\$11,000,000
Hired and Non Owned Liability	Policy #3128229	\$11,000,000
Medical Payments	(Admitted Company)	\$5,000 per person
Uninsured Motorists		\$40,000 Ground Up
Underinsured Motorists		\$40,000 Ground Up
Garage Keepers Legal Liability		\$100,000 Comprehensive/\$100,000 Collision
Replacement Cost Value for buses 5 years or newer (comprehensive)		\$1,000,000 Per occurrence
Actual Cash Value for vehicles (open lot coverage - comprehensive)		\$17,331,867
Over-The-Road Coverage (collision) - Per Occurrence		\$1,000,000
Physical Damage Maintenance Deductible - Comprehensive/Collision:		\$2,500
Newly Acquired Vehicles - automatic coverage - Per Occurrence		\$1,000,000
Hired Auto Physical Damage		Included
Pool SIR		\$250,000

CRIME

Money and Securities Within Premises - Each and Every Loss	Great American Insurance Co.	\$500,000
Money and Securities Outside Premises - Each and Every Loss	Policy #3128229	\$500,000
Public Employee Dishonesty including Faithful Performance (includes students) - Each Loss	(Admitted Company)	\$500,000
Depositors Forgery - Each and Every Loss		\$500,000
Money Orders & Counterfeit Papers - Each and Every Loss		\$500,000
Maintenance Deductible		\$2,500
Pool SIR		\$250,000

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 8 - RISK MANAGEMENT (CONTINUED)

DIRECTORS AND OFFICERS LIABILITY INCLUDING EMPLOYEE RELATED COVERAGE

Each Claim per district member	Great American Insurance Company	\$11,000,000
Annual Aggregate per district member	Policy #3128229	\$11,000,000
Trustees, LPDC's, board members, employees, substitute teachers, student teachers, volunteer workers, PTA and PTO members are included as insureds		Included
Employment Practices		Included
Discrimination		Included
Harassment		Included
Wrongful Termination		Included
Mental Anguish/Emotional Distress		Included
Third Party Coverage including Title IX Wording		Included
Back Wages		Included
EEOC Proceedings/Administrative Hearings - each district	w/ \$15,000 deductible	\$100,000 aggregate (included in policy limit)
Employee, Volunteer, and Student-In-Training Civil Expense - each district	w/ \$20,000 deductible	\$100,000 aggregate (included in policy limit)
Individual Education Plans (IEP) Hearings - each district	w/ \$15,000 deductible	\$250,000 aggregate (included in policy limit)
Integration and Desegregation - each district	w/ \$15,000 deductible	\$250,000 aggregate (included in policy limit)
Breach of Contract - each district	w/ \$100,000 deductible	\$25,000 aggregate (included in policy limit)
Defense Expenses for Fair Labor Standards Act Claims	w/ \$15,000 deductible	\$100,000 aggregate (included in policy limit)
Per Member Deductibles (does not apply to all districts)		\$15,000 deductible Wrongful Acts Claims (other than Employment Practices Liability Claims)
Per Member Deductibles (does not apply to all districts)		\$20,000 deductible Employment Practices Liability Claims
Pool SIR		\$250,000

Please note: Not all districts have SBLL in SSCIP, therefore that district's coverage may be placed elsewhere. Certain districts have higher deductibles for Employment Practices Claims – Please refer to your policy

BOILER AND MACHINERY

Combined Limit Per Occurrence	Travelers Property Casualty Co of America	\$250,000,000
Business Interruption	BME1-0J480442	Included in policy limit
Extra Expense	(Admitted Company)	Included in policy limit
Combined Deductible	Boiler Inspections	\$5,000
Ordinance or Law - Demolition/Increased Cost of Construction	Phone: 1-800-425-4118	\$10,000,000
Hazardous Substance	or boilinsp@travelers.com	\$10,000,000
Newly Acquired Locations	Boiler claims	Included/365 days
Unnamed locations	Phone: 1-800-238-6225	\$2,000,000
EDP Data or Media	or boilclm@travelers.com	Included in policy limit
Dependent Property Extension		\$10,000,000
Expediting Expense		Included in policy limit
Refrigerant (Ammonia) Contamination		Included in policy limit
Water Damage		Included in policy limit
Spoilage		\$100,000,000
Deductible		4 hour waiting period
Utility Service Interruption		Included in policy limit
Waiting Period		4 hour waiting period

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 8 - RISK MANAGEMENT (CONTINUED)

EXCESS LIABILITY

Limit of Liability - Per Occurrence (Follow Form) - Per district member	Illinois National Ins. Co.	\$20,000,000
Annual Aggregate per district member	Policy #1130148	\$20,000,000
Retention	(Admitted Company)	\$0
Sexual Abuse or Molestation – Per district member limit is inclusive of limit of liability and not in addition to aggregate limit		\$20,000,000
Retroactive date for School Board Legal - claims made:		None
Public Response during a Crisis Management Event coverage (first dollar coverage)		\$250,000 sublimit – no deductible

SECURITY AND PRIVACY LIABILITY / EVENT MANAGEMENT INSURANCE (Cyber)

Each and Every Claim/Aggregate Including Costs and Expenses	Lloyds of London	\$25,000,000
Security and Privacy Liability (Including Employee Privacy) - Sublimit Per district member	Policy #B1262F10730016	\$1,100,000
Privacy Regulatory Claims Coverage – Sublimit Per District Member		\$1,100,000
Security Breach Response Coverage – Sublimit Per District Member		\$1,100,000
Cyber Extortion Coverage – Sublimit Per District Member		\$1,100,000

COMMERCIAL POLLUTION LEGAL LIABILITY (POLICY TERM 12/31/2015 TO 12/31/2018)

Coverage A: On-Site Cleanup of Pollution Conditions	Lexington Insurance Company (Non-Admitted Carrier)	\$1,000,000 each incident/\$10,000,000 Policy aggregate (3 year term)
Coverage B: Legal Liability for Pollution Conditions	Policy #PLC 14854674	\$25,000 deductible each incident
Retroactive Date for Mold coverage is 12/31/2012		
Includes: Unknown New and Pre-Existing Conditions (does not include known existing spills/incidents)		Includes Terrorism

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

A. Information about the School District’s Other Post-Employment Benefit Plan

The School District’s Other Post-Employment Benefit Plan (OPEB Plan) is administered on a pay-as-you-go basis by the School District. Assets of the plan are dedicated to providing post-retirement health and life insurance coverage to current and eligible future School District retirees.

The following schedules present the School District’s actuarially determined funding progress and required contributions for the North Palos Elementary School District Number 117 Postretirement Medical Plan.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Information about the School District's Other Post-Employment Benefit Plan (Continued)

**Schedule of Funding Progress
By Valuation Date**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2015	0	\$ 1,733,144	\$ 1,733,144	0%	N/A	N/A
6/30/2014	0	4,487,011	4,487,011	0%	N/A	N/A
6/30/2013	0	3,259,370	3,259,370	0%	N/A	N/A

Schedule of Employer Contributions

Year Ended	Annual		
	Required Contributions	Percentage Contributed	Net OPEB Obligation
6/30/2015	\$ 133,966	98.8%	\$ 132,310
6/30/2014	440,554	82.0%	234,051
6/30/2013	N/A	N/A	154,760

B. Post-Employment Benefits

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. At June 30, 2004, the School District had implemented GASB Statement 34 "Basic Financial Statements and Management's Discussion and Analysis" but on the modified cash basis. However, a liability has been recorded to the government-wide financial statements.

Plan Description. School District employees are eligible upon retirement if they are enrolled in the active medical plan immediately prior to retiring. Eligibility varies based on classification as a Teacher, Administrator, or Non-Teacher/Administrator.

Teachers are eligible for benefits upon earning fifteen years of service with the School District, between the ages of 55 and 60, and by meeting the qualifications necessary to receive Teacher's Retirement System (TRS) upon the completion of twenty years and less than thirty-five years of creditable service. Administrators are eligible for benefits upon earning ten years of continuous service with the School District. Custodians, Secretaries, and Aides are eligible for benefits upon earning 15 years of service with the District and reaching the age of 55 or older.

Teachers and administrators who retire under the provisions of TRS shall receive a board contribution for single or for family hospitalization coverage through the Teacher Retirement Insurance Program for five years or until Medicare eligible, whichever comes first.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Post-Employment Benefits (Continued)

Custodians, Secretaries, and Aides may participate in one of two retirement programs. It is assumed that all future retirees will elect the same plan. These employees will receive a one-time lump sum payment as determined by the school policy for non-certified staff.

The number of participants as of June 30, 2015, the effective date of the OPEB valuation, follows:

Actives (fully eligible)	35
Actives (not yet fully eligible)	367
Retirees and Dependents	<u>30</u>
	<u><u>432</u></u>

Funding Policy. The School District currently pays for post-employment health care benefits on a pay-as-you-go basis.

Annual Other Post-Employment Benefit Cost. For the fiscal year ended June 30, 2016, the School District's annual OPEB cost (expense) of \$135,527 is not equal to the contribution made, which was \$237,268. The result of this was a decrease in the Net OPEB Obligation of \$101,741 for the year ended June 30, 2015.

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)

Actives (fully eligible)	\$ 86,530
Actives (not yet fully eligible)	786,379
Retirees and Dependents	<u>860,235</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 1,733,144</u></u>

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Post-Employment Benefits (Continued)

Funding Policy and Actuarial Assumptions

Contribution Rates:	
Plan Members	0.00%
Actuarial Valuation Date	7/1/2015
Actuarial Cost Method	Entry Age
Amortization Period	Level percentage of pay, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Projected Salary Increases	4.00%
Healthcare Inflation Rate	6.50% initial, 5.00% ultimate (Reduced through 2026)
Mortality, Turnover, Disability	Same rates as utilized for IMRF
Retirement Ages	
Percentage of Active Employees	Certified and Non-Union - 100%
Assumed to Elect Benefit	Non-Certified - 10%

Actuarial Methods and Assumptions. No current retirees are assumed to lapse coverage per year. All participants are assumed to be eligible for Medicare upon attainment of age 65.

NOTE 10 – RETIREMENT FUND COMMITMENTS

Teachers' Retirement System

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

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

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 10 – RETIREMENT FUND COMMITMENTS (CONTINUED)

Teachers' Retirement System (Continued)

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

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

Contributions. The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 percent of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). 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, 2017, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$6,980,895 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, 2017, were \$105,058 and are deferred because they were paid after the June 30, 2016 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 a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$616,058 were paid from federal and special trust funds that required employer contributions of \$237,429. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 10 – RETIREMENT FUND COMMITMENTS (CONTINUED)

Teachers' Retirement System (Continued)

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. 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, 2017, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent 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, 2017, 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	\$ 7,158,427
State's proportionate share of the net pension liability associated with the employer	146,927,839
Total	<u>\$ 154,086,266</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. 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, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016, the employer's proportion was 0.0091 percent, which was an increase of 00.001 percent from its proportion measured as of June 30, 2015.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 10 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Teachers' Retirement System (Continued)

For the year ended June 30, 2017, the employer recognized pension expense of \$6,980,895 and revenue of \$6,980,895 for support provided by the state. At June 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 52,930	\$ 4,855
Net difference between projected and actual investment earnings on pension plan investments	202,238	0
Changes of assumptions	614,802	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	789,286	157,325
Employer contributions subsequent to the measurement date	0	0
Total	<u>\$ 1,659,256</u>	<u>\$ 162,180</u>

\$0 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (for accrual basis districts):

For the year ended June 30, 2017	\$ 307,113
2018	\$ 307,113
2019	\$ 438,192
2020	\$ 378,449
2021	\$ 66,208

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	5.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflations

Mortality rates were based on the RP-2014 White Collar Table with adjustments for TRS experience. The rates used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions, and made other changes.

North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017

NOTE 10 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Teachers' Retirement System (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.40%	6.94%
U.S. equities small/mid cap	3.60%	8.09%
International equities developed	14.40%	7.46%
Emerging market equities	3.60%	10.15%
U.S. bonds core	10.70%	2.44%
International debt developed	5.30%	1.70%
Real estate	15.00%	5.44%
Commodities (real return)	11.00%	4.28%
Hedge funds (absolute return)	8.00%	4.16%
Private Equity	14.00%	10.63%
Total	<u>100.00%</u>	

Discount rate. At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 10 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Teachers' Retirement System (Continued)

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE
SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$ 8,755,046	\$ 7,158,427	\$ 5,854,412

TRS fiduciary net position. Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

Teacher Health Insurance Security (THIS) Fund

The employer participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuitants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of the THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 10 - RETIREMENT FUND COMMITMENTS (CONTINUED)

Teacher Health Insurance Security (THIS) Fund (Continued)

- On behalf contributions to the THIS Fund
The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$202,870, and the employer recognized revenue and expenditures of this amount during the year.
- Employer contributions to the THIS Fund
The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2016, the employer paid \$140,176 to the THIS Fund, which was 100 percent of the required contribution.

Further information on the THIS Fund. The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General (<http://www.auditor.illinois.gov/Audit-ReportsABC-List.asp>). The current reports are listed under "Central Management Services" (<http://www.auditor.illinois.gov/Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family Services" (<http://www.auditor.illinois.gov/Audit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-Ins-Sec-Fund.asp>).

NOTE 11 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 8, 2017, the date the financial statements were available to be issued.

NOTE 12 – PENSION PLAN COMMITMENT

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 School District plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the School District Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for the calendar year 2016 was 12.61 percent. The School District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2016 was \$1,182,343.

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27, the following information is provided:

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 12 – PENSION PLAN COMMITMENT (CONTINUED)

Actuarial Valuation Date	December 31, 2016
Measurement Date of the Net Pension Liability	December 31, 2016
Fiscal Year End	June 30, 2017

Membership

Number of	
- Retirees and Beneficiaries	287
- Inactive, Non-Retired Members	180
- Active Members	142
- Total	<u>609</u>

Covered Valuation Payroll	<u>\$ 4,688,116</u>
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Net Pension Liability	
Total Pension Liability/(Asset)	\$ 21,830,315
Plan Fiduciary Net Position	<u>17,875,991</u>
Net Pension Liability/(Asset)	<u>\$ 3,954,324</u>

Plan Fiduciary Net Position as a Percentage of total Pension Liability	81.89%
Net Pension Liability as a Percentage of Covered Valuation Payroll	84.35%

Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.78%

Last year December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
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Resulting Single Discount Rate based on the above development	7.50%
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Single Discount Rate calculated using December 31, 2016 Measurement Date	7.46%
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Total Pension Expense/(Income)	<u>\$ 1,089,852</u>
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Deferred Outflows and Deferred Inflows of Resources by Source
(to be recognized in Future Pension Expenses)

	Deferred Outflows of Resources	Deferred Inflows of Resources
1. Difference between expected and actual experience	\$ 292,329	\$ 0
2. Assumption Changes	2,400	51,596
3. Net Difference between projected and actual earnings on pension plan investments	<u>869,675</u>	<u>0</u>
4. Total	<u>\$ 1,164,404</u>	<u>\$ 51,596</u>

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 12 – PENSION PLAN COMMITMENT (CONTINUED)

Subsequent to the measurement date, the following Net Deferred Outflows will be recognized in pension expense in the upcoming years:

Fiscal Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 524,779
2018	313,577
2019	253,312
2020	21,140
2121	0
Thereafter	0
Total	\$ 1,112,808

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD
Calendar Year Ended December 31, 2016

A. Total pension liability	
1. Service cost	\$ 509,508
2. Interest on the total pension liability	1,504,332
3. Changes of benefit terms	0
4. Difference between expected and actual experience of the total pension liability	520,109
5. Changes of assumptions	\$ (99,419)
6. Benefit payments, including refunds of employee contributions	(1,029,542)
7. Net change in total pension liability	1,404,988
8. Total pension liability – beginning	20,425,327
9. Total pension liability – ending	<u>\$ 21,830,315</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 591,419
2. Contributions – employee	211,477
3. Net investment income	1,146,732
4. Benefit payments, including refunds of employee contributions	(1,029,542)
5. Other (net transfer)	287,079
6. Net change in plan fiduciary net position	1,207,165
7. Plan fiduciary net position – beginning	16,668,826
8. Plan fiduciary net position – ending	<u>\$ 17,875,991</u>
C. Net pension liability/(asset)	<u>\$ 3,954,324</u>
D. Plan fiduciary net position as a percentage of the total pension liability	81.89%
E. Covered Valuation Payroll	4,688,116
F. Net pension liability as a percentage of covered valuation payroll	84.35%

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 12 – PENSION PLAN COMMITMENT (CONTINUED)

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). the IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). the IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
<u>Other Information:</u>	There were no benefit changes during the year.

**North Palos Elementary School District Number 117
Notes To The Financial Statements (Continued)
For The Year Ended June 30, 2017**

NOTE 12 – PENSION PLAN COMMITMENT (CONTINUED)

CALCULATION OF THE SINGLE DISCOUNT RATE

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO THE
SINGLE DISCOUNT RATE ASSUMPTION

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 24,501,907	\$ 21,830,315	\$ 19,604,605
Plan Fiduciary Net Position	17,875,991	17,875,991	17,875,991
Net Pension Liability/(Asset)	<u>\$ 6,625,916</u>	<u>\$ 3,954,324</u>	<u>\$ 1,728,614</u>

North Palos Elementary School District Number 117
Pension Disclosures
For The Year Ended June 30, 2017

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
(Dollar amounts in thousands)

Fiscal Year Ending June 30,	2017	2016	2015
Plan Year Ending June 30,	2016	2015	2014
Employer's proportion of the net pension liability	0.0091%	0.0077%	0.0075%
Employer's proportionate share of the net pension liability	\$ 7,158	\$ 5,049	\$ 4,583
State's proportionate share of the net pension liability associated with the employer	146,928	107,690	99,255
Total	<u>\$154,086</u>	<u>\$112,739</u>	<u>\$103,838</u>
Employer's covered-employee payroll	\$ 17,522	\$ 16,661	\$ 16,088
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.85%	30.30%	28.49%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois
(Dollar amounts in thousands)

Fiscal Year Ending June 30,	2017	2016	2015
Plan Year Ending June 30,	2016	2015	2014
Statorily-required contribution	\$ 312	\$ 271	\$ 279
Contributions in relation to the statorily-required contribution	350	264	279
Contribution deficiency (excess)	<u>\$ (38)</u>	<u>\$ 7</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 17,522	\$ 16,661	\$ 16,088
Contributions as a percentage of covered-employee payroll	1.78%	1.63%	1.73%

Changes of assumptions. For the 2016 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

**North Palos Elementary School District Number 117
Pension Disclosures (Continued)
For The Year Ended June 30, 2017**

Illinois Municipal Retirement Fund

In accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statements No. 27", the financial statements of employers also include required supplementary information showing the 10-year fiscal history of:

- Sources of changes in the net pension liability;
- Information about the components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percent of covered-employee payroll, and
- Comparison of actual employer contributions to the actuarially determined contributions based on the plan's funding policy.

Multyear Schedule of Contributions
Last 10 Plan Years (When Available)

Plan Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 515,646	\$ 545,215	\$ (29,569)	\$ 4,411,003	12.36%
2015	511,498	511,498	-	4,455,560	11.48%
2016	591,171	* 591,419	(248)	4,688,116	12.62%

* Estimated based on contribution rate of 12.61% and covered valuation payroll of \$4,688,116.

**North Palos Elementary School District Number 117
Pension Disclosures (Continued)
For The Year Ended June 30, 2017**

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Plan Years (When Available)

Plan Year Ending December 31,	2016	2015	2014
Total pension liability			
Service cost	509,508	533,409	548,489
Interest on the total pension liability	1,504,332	1,402,475	1,223,751
Changes of benefit terms	0	0	0
Difference between expected and actual experience of the total pension liability	520,109	434,273	579,167
Changes of assumptions	(99,419)	46,534	937,466
Benefit payments, including refunds of employee contributions	(1,029,542)	(948,662)	(748,022)
Net change in total pension liability	1,404,988	1,468,029	2,540,851
Total pension liability— beginning	20,425,327	18,957,298	16,416,447
Total pension liability – ending	<u>\$ 21,830,315</u>	<u>\$ 20,425,327</u>	<u>\$ 18,957,298</u>
Plan fiduciary net position			
Contributions – employer	\$ 591,419	\$ 511,498	545,215
Contributions – employee	211,477	242,599	234,488
Net investment income	1,146,732	82,343	944,160
Benefit payments, including refunds of employee contributions	(1,029,542)	(948,662)	(748,022)
Other (net transfer)	287,079	215,102	127,917
Net change in plan fiduciary net position	1,207,165	102,880	1,103,758
Plan fiduciary net position Beginning	16,668,826	16,565,946	15,462,188
Ending	<u>\$ 17,875,991</u>	<u>\$ 16,668,826</u>	<u>\$ 16,565,946</u>
Net pension liability/(asset)	<u>\$ 3,954,324</u>	<u>\$ 3,756,501</u>	<u>\$ 2,391,352</u>
Plan fiduciary net position as a percent of the total pension liability	81.89%	81.61%	87.39%
Covered Valuation Payroll	4,688,116	4,455,560	4,411,003
Net pension liability as a percent of covered valuation payroll	84.35%	84.31%	54.21%

**North Palos Elementary School District Number 117
Pension Disclosures (Continued)
For The Year Ended June 30, 2017**

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

<p>Actuarial Cost Method Amortization Method Remaining Amortization Period</p>	<p>Aggregate Entry Age Normal Level Percentage of Payroll, Closed Non-Taxing bodies : 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).</p>
<p>Asset Valuation Method Wage Growth Price Inflation</p>	<p>5-Year smoothed market; 20% corridor 3.50% 2.75% - approximate; No explicit price inflation assumption is used in this valuation.</p>
<p>Salary Increases Investment Rate of Return Retirement Age</p>	<p>3.75% to 14.50% including inflation 7.50% Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.</p>
<p>Mortality</p>	<p>For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with</p>
<p><u>Other Information:</u></p>	<p>There were no benefit changes during the year.</p>

Other Information

**North Palos Elementary School District Number 117
Educational Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 20,675,913	\$ 20,675,913	\$ 20,734,812	\$ 58,899
State Replacement Taxes	339,476	339,476	421,983	82,507
TIF Revenue	0	0	477,668	477,668
Earnings on Investments	73,500	73,500	183,326	109,826
Food Services	145,500	145,500	138,123	(7,377)
Textbooks	205,000	205,000	146,894	(58,106)
Other Revenue from Local Sources	125,700	125,700	179,772	54,072
State Sources				
Restricted State Aid	9,407,654	9,407,654	9,165,855	(241,799)
State On Behalf Contributions	0	0	7,183,765	7,183,765
Federal Sources				
Restricted Federal Aid	2,896,676	2,896,676	2,695,073	(201,603)
TOTAL REVENUES RECEIVED	33,869,419	33,869,419	41,327,271	7,457,852
EXPENDITURES DISBURSED				
Current				
Instruction	21,939,001	21,939,001	20,833,046	1,105,955
Support Services	9,465,408	9,465,408	8,794,872	670,536
Community Services	147,013	147,013	57,957	89,056
Nonprogrammed Charges	1,252,998	1,252,998	1,299,679	(46,681)
Provision for Contingencies	310,000	310,000	0	310,000
State On Behalf Contributions	0	0	7,183,765	(7,183,765)
TOTAL EXPENDITURES DISBURSED	33,114,420	33,114,420	38,169,319	(5,054,899)
NET CHANGE IN FUND BALANCE	\$ 754,999	\$ 754,999	3,157,952	\$ 2,402,953
FUND BALANCE, BEGINNING OF YEAR			30,836,030	
END OF YEAR			\$ 33,993,982	

**North Palos Elementary School District Number 117
Operations & Maintenance Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 2,919,990	\$ 2,919,990	\$ 2,926,757	\$ 6,767
Earnings on Investments	7,000	7,000	20,903	13,903
Other Local Revenues	20,000	20,000	22,242	2,242
TOTAL REVENUES RECEIVED	2,946,990	2,946,990	2,969,902	22,912
EXPENDITURES DISBURSED				
Operations and Maintenance				
Salaries	717,745	717,745	675,477	42,268
Employee Benefits	142,842	142,842	136,410	6,432
Purchased Services	867,000	867,000	723,991	143,009
Supplies and Materials	716,500	716,500	591,942	124,558
Capital Outlay	60,000	60,000	700	59,300
TOTAL EXPENDITURES DISBURSED	2,504,087	2,504,087	2,128,520	375,567
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	442,903	442,903	841,382	398,479
OTHER FINANCING SOURCES (USES)				
Transfer In	1,500,000	1,500,000	3,000,000	1,500,000
Transfer Out	(2,700,000)	(2,700,000)	(5,700,000)	(3,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,200,000)	(1,200,000)	(2,700,000)	(1,500,000)
NET CHANGE IN FUND BALANCE	\$ (757,097)	\$ (757,097)	(1,858,618)	\$ (1,101,521)
FUND BALANCE, BEGINNING OF YEAR			3,879,740	
END OF YEAR			\$ 2,021,122	

North Palos Elementary School District Number 117
Educational Fund
Schedule of Expenditures Disbursed
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES DISBURSED				
INSTRUCTION				
Regular Programs				
Salaries	\$ 9,543,050	\$ 9,543,050	\$ 9,354,904	\$ 188,146
Employee Benefits	2,744,345	2,744,345	2,707,090	37,255
Purchased Services	54,250	54,250	17,937	36,313
Supplies and Materials	406,200	406,200	289,230	116,970
Capital Outlay	208,743	208,743	168,448	40,295
Total Regular Programs	12,956,588	12,956,588	12,537,609	418,979
Pre-Kindergarten Programs				
Salaries	488,470	488,470	490,892	(2,422)
Employee Benefits	168,218	168,218	167,591	627
Purchased Services	9,828	9,828	8,650	1,178
Supplies and Materials	7,500	7,500	7,093	407
Total Pre-Kindergarten Programs	674,016	674,016	674,226	(210)
Special Education Programs				
Salaries	3,376,842	3,376,842	3,214,860	161,982
Employee Benefits	995,289	995,289	967,472	27,817
Purchased Services	24,750	24,750	2,283	22,467
Supplies and Materials	30,800	30,800	26,667	4,133
Capital Outlay	75,500	75,500	0	75,500
Total Special Education Programs	4,503,181	4,503,181	4,211,282	291,899
Educationally Deprived/Remedial				
Salaries	0	0	11,722	(11,722)
Employee Benefits	0	0	1,342	(1,342)
Purchased Services	47,950	47,950	39,115	8,835
Supplies and Materials	34,435	34,435	24,128	10,307
Total Educationally Deprived/Remedial	82,385	82,385	76,307	6,078
Interscholastic Programs				
Salaries	531,200	531,200	481,465	49,735
Employee Benefits	100,215	100,215	142,261	(42,046)
Purchased Services	12,800	12,800	10,204	2,596
Supplies and Materials	46,900	46,900	23,288	23,612
Capital Outlay	10,700	10,700	10,629	71
Other Objects	3,000	3,000	1,985	1,015
Total Interscholastic Programs	704,815	704,815	669,832	34,983
Summer School Programs				
Salaries	582,383	582,383	316,769	265,614
Employee Benefits	215,891	215,891	128,115	87,776
Supplies and Materials	8,755	8,755	23,081	(14,326)
Total Summer School Programs	807,029	807,029	467,965	339,064

North Palos Elementary School District Number 117
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Bilingual Programs				
Salaries	1,564,331	1,564,331	1,564,718	(387)
Employee Benefits	567,694	567,694	586,146	(18,452)
Purchased Services	18,855	18,855	10,213	8,642
Supplies and Materials	54,107	54,107	33,236	20,871
Capital Outlay	1,000	1,000	0	1,000
Other Objects	0	0	69	(69)
Total Bilingual Programs	<u>2,205,987</u>	<u>2,205,987</u>	<u>2,194,382</u>	<u>11,605</u>
Alternative Programs				
Salaries	0	0	259	(259)
Employee Benefits	0	0	29	(29)
Purchased Services	5,000	5,000	1,155	3,845
Total Alternative Programs	<u>5,000</u>	<u>5,000</u>	<u>1,443</u>	<u>3,557</u>
TOTAL INSTRUCTION	<u>\$ 21,939,001</u>	<u>\$ 21,939,001</u>	<u>\$ 20,833,046</u>	<u>\$ 1,105,955</u>
SUPPORT SERVICES				
Social Work Services				
Salaries	447,442	447,442	449,988	(2,546)
Employee Benefits	148,293	148,293	155,611	(7,318)
Purchased Services	20,000	20,000	4,880	15,120
Supplies and Materials	15,000	15,000	6,776	8,224
Total Social Work Services	<u>630,735</u>	<u>630,735</u>	<u>617,255</u>	<u>13,480</u>
Health Services				
Salaries	182,540	182,540	188,580	(6,040)
Employee Benefits	79,286	79,286	80,015	(729)
Purchased Services	300	300	15,269	(14,969)
Supplies and Materials	6,000	6,000	2,862	3,138
Capital Outlay	2,500	2,500	955	1,545
Total Health Services	<u>270,626</u>	<u>270,626</u>	<u>287,681</u>	<u>(17,055)</u>
Psychological Services				
Salaries	504,574	504,574	350,420	154,154
Employee Benefits	150,834	150,834	112,613	38,221
Purchased Services	30,640	30,640	50,406	(19,766)
Supplies and Materials	15,550	15,550	4,493	11,057
Capital Outlay	10,000	10,000	2,564	7,436
Total Psychological Services	<u>711,598</u>	<u>711,598</u>	<u>520,496</u>	<u>191,102</u>

North Palos Elementary School District Number 117
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Speech Pathology & Audiology				
Salaries	527,880	527,880	498,982	28,898
Employee Benefits	162,472	162,472	161,190	1,282
Purchased Services	6,000	6,000	1,750	4,250
Supplies and Materials	16,900	16,900	5,204	11,696
Total Speech Pathology & Audiology	713,252	713,252	667,126	46,126
Pupil				
Purchased Services	33,000	33,000	23,171	9,829
Supplies and Materials	6,200	6,200	5,705	495
Total Pupil	39,200	39,200	28,876	10,324
Improvement of Instruction Services				
Salaries	336,146	336,146	275,566	60,580
Employee Benefits	136,196	136,196	154,923	(18,727)
Purchased Services	155,616	155,616	115,222	40,394
Supplies and Materials	48,000	48,000	21,827	26,173
Other Objects	0	0	312	(312)
Total Improvement of Instruction Services	675,958	675,958	567,850	108,108
Education Media Services				
Salaries	410,277	410,277	510,497	(100,220)
Employee Benefits	107,869	107,869	211,928	(104,059)
Purchased Services	0	0	7,967	(7,967)
Supplies and Materials	38,775	38,775	38,844	(69)
Total Education Media Services	556,921	556,921	769,236	(212,315)
Assessment & Testing				
Purchased Services	0	0	34,722	(34,722)
Supplies and Materials	3,000	3,000	0	3,000
Total Assessment & Testing	3,000	3,000	34,722	(31,722)
Board of Education Services				
Salaries	2,080	2,080	2,080	0
Purchased Services	99,000	99,000	87,398	11,602
Supplies and Materials	13,000	13,000	14,406	(1,406)
Other Objects	30,000	30,000	18,522	11,478
Total Board of Education Services	144,080	144,080	122,406	21,674
Executive Administration Services				
Salaries	276,766	276,766	281,079	(4,313)
Employee Benefits	62,715	62,715	66,482	(3,767)
Purchased Services	155,200	155,200	142,913	12,287
Supplies and Materials	15,250	15,250	15,392	(142)
Other Objects	15,000	15,000	23,278	(8,278)
Total Executive Administration Services	524,931	524,931	529,144	(4,213)

North Palos Elementary School District Number 117
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Special Area Administrative				
Salaries	87,438	87,438	231,051	(143,613)
Employee Benefits	43,698	43,698	68,532	(24,834)
Purchased Services	12,600	12,600	7,440	5,160
Supplies and Materials	5,000	5,000	738	4,262
Total Special Area Administrative	148,736	148,736	307,761	(159,025)
Office of the Principal Services				
Salaries	1,053,470	1,053,470	1,068,001	(14,531)
Employee Benefits	360,284	360,284	340,568	19,716
Supplies and Materials	5,300	5,300	3,065	2,235
Total Office of the Principal Services	1,419,054	1,419,054	1,411,634	7,420
Other School Administration				
Salaries	71,674	71,674	71,673	1
Employee Benefits	26,082	26,082	26,385	(303)
Supplies and Materials	150	150	0	150
Other Objects	0	0	59	(59)
Total Other School Administration	97,906	97,906	98,117	(211)
Direction of Business Support				
Salaries	460,154	460,154	482,322	(22,168)
Employee Benefits	110,778	110,778	122,568	(11,790)
Purchased Services	56,000	56,000	17,219	38,781
Supplies and Materials	5,000	5,000	3,539	1,461
Other Objects	5,000	5,000	70	4,930
Total Direction of Business Support	636,932	636,932	625,718	11,214
Fiscal Services				
Salaries	15,200	15,200	5,200	10,000
Employee Benefits	589	589	593	(4)
Purchased Services	55,000	55,000	57,219	(2,219)
Supplies and Materials	5,000	5,000	3,864	1,136
Capital Outlay	5,000	5,000	0	5,000
Other Objects	12,000	12,000	14,031	(2,031)
Total Fiscal Services	92,789	92,789	80,907	11,882
Operation & Maintenance of Plant Services				
Salaries	84,540	84,540	85,052	(512)
Employee Benefits	16,507	16,507	16,579	(72)
Purchased Services	80,000	80,000	39,646	40,354
Supplies and Materials	100	100	90	10
Total Operation & Maintenance of Plant Services	181,147	181,147	141,367	39,780
Pupil Transportation Service				
Purchased Services	4,920	4,920	2,107	2,813
Total Pupil Transportation Service	4,920	4,920	2,107	2,813

North Palos Elementary School District Number 117
 Educational Fund
 Schedule of Expenditures Disbursed (Continued)
 Budget and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Food Services				
Salaries	144,985	144,985	141,745	3,240
Employee Benefits	9,123	9,123	9,145	(22)
Purchased Services	560,000	560,000	424,033	135,967
Supplies and Materials	19,400	19,400	98,972	(79,572)
Capital Outlay	55,000	55,000	2,783	52,217
Total Food Services	788,508	788,508	676,678	111,830
Internal Services				
Salaries	53,977	53,977	42,962	11,015
Employee Benefits	14,859	14,859	7,088	7,771
Purchased Services	1,500	1,500	0	1,500
Supplies and Materials	4,000	4,000	(3,911)	7,911
Capital Outlay	5,000	5,000	0	5,000
Total Internal Services	79,336	79,336	46,139	33,197
Information Services				
Salaries	91,270	91,270	91,270	0
Employee Benefits	21,874	21,874	22,008	(134)
Purchased Services	15,000	15,000	0	15,000
Supplies and Materials	750	750	161	589
Total Information Services	128,894	128,894	113,439	15,455
Data Processing Services				
Salaries	432,673	432,673	325,240	107,433
Employee Benefits	186,687	186,687	80,566	106,121
Purchased Services	214,348	214,348	149,189	65,159
Supplies and Materials	52,944	52,944	52,962	(18)
Capital Outlay	591,970	591,970	400,069	191,901
Total Data Processing Services	1,478,622	1,478,622	1,008,026	470,596
Other Support Services				
Salaries	128,011	128,011	128,864	(853)
Employee Benefits	9,252	9,252	9,323	(71)
Supplies and Materials	1,000	1,000	0	1,000
Total Other Support Services	138,263	138,263	138,187	76
TOTAL SUPPORT SERVICES	\$ 9,465,408	\$ 9,465,408	\$ 8,794,872	\$ 670,536
COMMUNITY SERVICES				
Regular Services				
Salaries	57,910	57,910	21,573	36,337
Employee Benefits	24,240	24,240	4,108	20,132
Purchased Services	21,383	21,383	12,728	8,655
Supplies and Materials	43,480	43,480	19,548	23,932
TOTAL COMMUNITY SERVICES	\$ 147,013	\$ 147,013	\$ 57,957	\$ 89,056

North Palos Elementary School District Number 117
Educational Fund
Schedule of Expenditures Disbursed (Continued)
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
NONPROGRAMMED CHARGES				
Payment to Other Governmental Units				
Special Education Programs				
Purchased Services	619,001	619,001	727,957	(108,956)
Other	633,997	633,997	571,722	62,275
TOTAL NONPROGRAMMED CHARGES	<u>\$ 1,252,998</u>	<u>\$ 1,252,998</u>	<u>\$ 1,299,679</u>	<u>\$ (46,681)</u>
PROVISION FOR CONTINGENCIES	<u>310,000</u>	<u>310,000</u>	<u>0</u>	<u>310,000</u>
TOTAL STATE ON BEHALF CONTRIBUTIONS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,183,765</u>	<u>\$ (7,183,765)</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 33,114,420</u>	<u>\$ 33,114,420</u>	<u>\$ 38,169,319</u>	<u>\$ (5,054,899)</u>

North Palos Elementary School District Number 117
Capital Projects
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES RECEIVED				
Local Sources				
Earnings on Investments	\$ 15,000	\$ 15,000	\$ 68,502	\$ 53,502
TOTAL REVENUES RECEIVED	<u>15,000</u>	<u>15,000</u>	<u>68,502</u>	<u>53,502</u>
EXPENDITURES DISBURSED				
Support Services				
Purchased Services	2,303,000	2,303,000	615,971	1,687,029
Capital Outlay	11,217,000	11,217,000	11,875,073	(658,073)
Provision for Contingencies	1,200,000	1,200,000	0	1,200,000
TOTAL EXPENDITURES DISBURSED	<u>14,720,000</u>	<u>14,720,000</u>	<u>12,491,044</u>	<u>2,228,956</u>
DEFICIENCY OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	<u>(14,705,000)</u>	<u>(14,705,000)</u>	<u>(12,422,542)</u>	<u>2,282,458</u>
OTHER FINANCING SOURCES				
Transfer In	2,700,000	2,700,000	5,700,000	3,000,000
TOTAL OTHER FINANCING SOURCES	<u>2,700,000</u>	<u>2,700,000</u>	<u>5,700,000</u>	<u>3,000,000</u>
NET CHANGE IN FUND BALANCE	<u>\$(12,005,000)</u>	<u>\$(12,005,000)</u>	<u>(6,722,542)</u>	<u>\$ 5,282,458</u>
FUND BALANCE, BEGINNING OF YEAR			<u>15,964,000</u>	
END OF YEAR			<u>\$ 9,241,458</u>	

North Palos Elementary School District Number 117

Combining Schedule of Assets, Liabilities and Fund Balances - Modified Cash Basis - Non-Major Funds

June 30, 2017

	Special Revenue Funds					Debt Service Fund	Permanent Fund	Total
	Transportation	IMRF	Social Security	Fire Prevention & Safety Purposes	Tort Immunity	Bond & Interest	Working Cash	
ASSETS								
Cash	\$ 1,701,535	\$ 633,051	\$ 706,129	\$ 293,661	\$ 926,799	\$1,008,930	\$ 1,281,677	\$ 6,551,782
TOTAL ASSETS	<u>1,701,535</u>	<u>633,051</u>	<u>706,129</u>	<u>293,661</u>	<u>926,799</u>	<u>1,008,930</u>	<u>1,281,677</u>	<u>6,551,782</u>
TOTAL DEFERRED OUTFLOWS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>1,701,535</u>	<u>633,051</u>	<u>706,129</u>	<u>293,661</u>	<u>926,799</u>	<u>1,008,930</u>	<u>1,281,677</u>	<u>6,551,782</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL DEFERRED INFLOWS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES								
Reserved								
Non Spendable	0	0	0	0	0	0	1,281,677	1,281,677
Restricted	1,701,535	633,051	706,129	293,661	926,799	1,008,930	0	5,270,105
TOTAL FUND BALANCES	<u>1,701,535</u>	<u>633,051</u>	<u>706,129</u>	<u>293,661</u>	<u>926,799</u>	<u>1,008,930</u>	<u>1,281,677</u>	<u>6,551,782</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,701,535</u>	<u>\$ 633,051</u>	<u>\$ 706,129</u>	<u>\$ 293,661</u>	<u>\$ 926,799</u>	<u>\$1,008,930</u>	<u>\$ 1,281,677</u>	<u>\$ 6,551,782</u>

North Palos Elementary School District Number 117
Combining Schedule of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances - Non-Major Funds
For the Year Ended June 30, 2017

	Special Revenue Funds					Debt Service Fund	Permanent Fund	Total
	Transportation	IMRF	Social Security	Fire Prevention & Safety Purposes	Tort Immunity	Bond & Interest	Working Cash	
REVENUES RECEIVED								
Local Sources								
Property Taxes	\$ 3,702,092	\$ 675,760	\$ 708,808	\$ 31	\$ 349,705	\$ 1,868,786	\$ 266,074	\$ 7,571,256
Transportation Fees	256,207	0	0	0	0	0	0	256,207
Investment on Earnings	16,737	3,456	3,836	1,738	4,470	19,402	5,710	55,349
State Sources								
Restricted State Aid	304,607	0	0	0	0	0	0	304,607
TOTAL REVENUES RECEIVED	4,279,643	679,216	712,644	1,769	354,175	1,888,188	271,784	8,187,419
EXPENDITURES DISBURSED								
Current								
Instruction	0	199,470	312,360	0	0	0	0	511,830
Support Services	1,832,247	405,334	301,804	187,092	331,129	0	0	3,057,606
Community Services	0	1,395	1,013	0	0	0	0	2,408
Debt Service	0	0	0	0	0	1,831,826	0	1,831,826
TOTAL EXPENDITURES DISBURSED	1,832,247	606,199	615,177	187,092	331,129	1,831,826	0	5,403,670
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	2,447,396	73,017	97,467	(185,323)	23,046	56,362	271,784	2,783,749
OTHER FINANCING USES								
Transfers Out	(3,000,000)	0	0	0	0	0	0	(3,000,000)
TOTAL OTHER FINANCING USES	(3,000,000)	0	0	0	0	0	0	(3,000,000)
NET CHANGE IN FUND BALANCE	(552,604)	73,017	97,467	(185,323)	23,046	56,362	271,784	(216,251)
FUND BALANCES,								
BEGINNING OF YEAR	2,254,139	560,034	608,662	478,984	903,753	952,568	1,009,893	6,768,033
END OF YEAR	\$ 1,701,535	\$ 633,051	\$ 706,129	\$ 293,661	\$ 926,799	\$ 1,008,930	\$ 1,281,677	\$ 6,551,782

**North Palos Elementary School District Number 117
Transportation Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 3,567,997	\$ 3,567,997	\$ 3,702,092	\$ 134,095
Transportation Fees	206,000	206,000	256,207	50,207
Earnings on Investments	5,000	5,000	16,737	11,737
State Sources				
Restricted State Aid	335,000	335,000	304,607	(30,393)
TOTAL REVENUES RECEIVED	<u>4,113,997</u>	<u>4,113,997</u>	<u>4,279,643</u>	<u>165,646</u>
EXPENDITURES DISBURSED				
Support Services				
Salaries	867,699	867,699	814,426	53,273
Employee Benefits	263,383	263,383	241,080	22,303
Purchased Services	392,100	392,100	387,171	4,929
Supplies and Materials	170,200	170,200	113,125	57,075
Capital Outlay	455,000	455,000	275,262	179,738
Other Objects	0	0	1,183	(1,183)
TOTAL EXPENDITURES DISBURSED	<u>2,148,382</u>	<u>2,148,382</u>	<u>1,832,247</u>	<u>316,135</u>
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES DISBURSED	<u>1,965,615</u>	<u>1,965,615</u>	<u>2,447,396</u>	<u>481,781</u>
OTHER FINANCING USES				
Transfer Out	(1,500,000)	(1,500,000)	(3,000,000)	(1,500,000)
TOTAL OTHER FINANCING USES	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(3,000,000)</u>	<u>(1,500,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 465,615</u>	<u>\$ 465,615</u>	<u>(552,604)</u>	<u>\$ (1,018,219)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>2,254,139</u>	
END OF YEAR			<u>\$ 1,701,535</u>	

North Palos Elementary School District Number 117

IMRF Fund

**Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget</u>
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 677,848	\$ 677,848	\$ 675,760	\$ (2,088)
Earnings on Investments	1,500	1,500	3,456	1,956
TOTAL REVENUES RECEIVED	<u>679,348</u>	<u>679,348</u>	<u>679,216</u>	<u>(132)</u>
EXPENDITURES DISBURSED				
Instruction - Employee Benefits				
Regular Programs	250	250	280	(30)
Pre-Kindergarden Programs	19,515	19,515	19,924	(409)
Special Education Programs	143,057	143,057	140,921	2,136
Interscholastic Programs	800	800	748	52
Summer School Programs	6,075	6,075	6,136	(61)
Bilingual Programs	26,216	26,216	32,856	(6,640)
Support Services - Employee Benefits				
Health Services	16,978	16,978	17,546	(568)
Improvement of Instruction Services	6,223	6,223	6,232	(9)
Educational Media Services	18,756	18,756	18,652	104
Board of Education Services	134	134	267	(133)
Executive Administration Services	5,819	5,819	11,756	(5,937)
Special Area Administrative	11,210	11,210	11,210	0
Office of the Principal Services	29,826	29,826	30,599	(773)
Direction of Business Support	34,363	34,363	46,251	(11,888)
Operation & Maintenance of Plant Services	78,138	78,138	87,711	(9,573)
Pupil Transportation Services	151,571	151,571	102,444	49,127
Food Services	3,861	3,861	4,608	(747)
Internal Services	6,856	6,856	4,902	1,954
Information Services	5,787	5,787	11,703	(5,916)
Data Processing Services	28,247	28,247	34,821	(6,574)
Other Support Services	14,183	14,183	16,632	(2,449)
TOTAL EXPENDITURES DISBURSED	<u>607,865</u>	<u>607,865</u>	<u>606,199</u>	<u>1,666</u>
NET CHANGE IN FUND BALANCE	<u>\$ 71,483</u>	<u>\$ 71,483</u>	<u>73,017</u>	<u>\$ 1,534</u>
FUND BALANCE,				
BEGINNING OF YEAR			<u>560,034</u>	
END OF YEAR			<u>\$ 633,051</u>	

North Palos Elementary School District Number 117
Social Security Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 727,910	\$ 727,910	\$ 708,808	\$ (19,102)
Earnings on Investments	1,200	1,200	3,836	2,636
TOTAL REVENUES RECEIVED	729,110	729,110	712,644	(16,466)
EXPENDITURES DISBURSED				
Instruction - Employee Benefits				
Regular Programs	189,571	189,571	132,111	57,460
Pre-Kindergarden Programs	19,312	19,312	17,109	2,203
Special Education Programs	122,643	122,643	109,758	12,885
Remedial Programs	0	0	170	(170)
Interscholastic Programs	12,018	12,018	7,810	4,208
Summer School Programs	12,465	12,465	8,016	4,449
Bilingual Programs	38,900	38,900	38,395	505
Alternative Programs	0	0	4	(4)
Support Services - Employee Benefits				
Social Work Services	6,361	6,361	5,679	682
Health Services	11,578	11,578	12,131	(553)
Psychological Services	7,830	7,830	5,052	2,778
Speech Pathology	8,408	8,408	6,971	1,437
Improvement of Instruction Services	6,214	6,214	7,032	(818)
Educational Media Services	15,205	15,205	15,583	(378)
Board of Education Services	160	160	159	1
Executive Administration Services	9,643	9,643	9,767	(124)
Special Area Administrative	6,690	6,690	8,762	(2,072)
Office of the Principal Services	29,497	29,497	28,941	556
School Administration	1,143	1,143	1,039	104
Direction of Business Support	24,931	24,931	29,292	(4,361)
Operation & Maintenance of Plant				
Services	49,945	49,945	57,925	(7,980)
Pupil Transportation Services	53,184	53,184	60,862	(7,678)
Food Services	11,096	11,096	10,928	168
Internal Services	4,092	4,092	3,287	805
Information Services	6,906	6,906	6,982	(76)
Data Processing Services	23,032	23,032	21,554	1,478
Other Support Services	8,420	8,420	9,858	(1,438)
TOTAL EXPENDITURES DISBURSED	679,244	679,244	615,177	64,067
NET CHANGE IN FUND BALANCE	\$ 49,866	\$ 49,866	97,467	\$ 47,601
FUND BALANCE,				
BEGINNING OF YEAR			<u>608,662</u>	
END OF YEAR			<u>\$ 706,129</u>	

North Palos Elementary School District Number 117
Fire Prevention and Safety Purposes Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 26	\$ 26	\$ 31	\$ 5
Earnings on Investments	700	700	1,738	1,038
TOTAL REVENUES RECEIVED	<u>726</u>	<u>726</u>	<u>1,769</u>	<u>1,043</u>
TOTAL EXPENDITURES DISBURSED	<u>100,000</u>	<u>100,000</u>	<u>187,092</u>	<u>(87,092)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (99,274)</u>	<u>\$ (99,274)</u>	<u>(185,323)</u>	<u>\$ (86,049)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>478,984</u>	
END OF YEAR			<u>\$ 293,661</u>	

North Palos Elementary School District Number 117
Tort Immunity Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 421,927	\$ 421,927	\$ 349,705	\$ (72,222)
Earnings on Investments	1,700	1,700	4,470	2,770
TOTAL REVENUES RECEIVED	<u>423,627</u>	<u>423,627</u>	<u>354,175</u>	<u>(69,452)</u>
EXPENDITURES DISBURSED				
Support Services				
Unemployment Compensation	20,000	20,000	4,830	15,170
Insurance Payments	375,000	375,000	326,299	48,701
Judgment and Settlements	20,000	20,000	0	20,000
TOTAL EXPENDITURES DISBURSED	<u>415,000</u>	<u>415,000</u>	<u>331,129</u>	<u>83,871</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,627</u>	<u>\$ 8,627</u>	23,046	<u>\$ 14,419</u>
FUND BALANCE, BEGINNING OF YEAR			<u>903,753</u>	
END OF YEAR			<u>\$ 926,799</u>	

North Palos Elementary School District Number 117
Bond and Interest Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 1,883,743	\$ 1,883,743	\$ 1,868,786	\$ (14,957)
Earnings on Investments	15,000	15,000	19,402	4,402
TOTAL REVENUES RECEIVED	<u>1,898,743</u>	<u>1,898,743</u>	<u>1,888,188</u>	<u>(10,555)</u>
EXPENDITURES DISBURSED				
Debt Service				
Principal	940,000	940,000	940,000	0
Interest	890,923	890,923	890,923	0
Bond Fees	1,000	1,000	903	97
TOTAL EXPENDITURES DISBURSED	<u>1,831,923</u>	<u>1,831,923</u>	<u>1,831,826</u>	<u>97</u>
NET CHANGE IN FUND BALANCE	<u>\$ 66,820</u>	<u>\$ 66,820</u>	56,362	<u>\$ (10,458)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>952,568</u>	
END OF YEAR			<u>\$ 1,008,930</u>	

North Palos Elementary School District Number 117
Working Cash Fund
Schedule of Revenues Received, Expenditures Disbursed and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES RECEIVED				
Local Sources				
Property Taxes	\$ 265,590	\$ 265,590	\$ 266,074	\$ 484
Earnings on Investments	1,800	1,800	5,710	3,910
TOTAL REVENUES RECEIVED	<u>267,390</u>	<u>267,390</u>	<u>271,784</u>	<u>4,394</u>
TOTAL EXPENDITURES DISBURSED	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	<u>\$ 267,390</u>	<u>\$ 267,390</u>	<u>271,784</u>	<u>\$ 4,394</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,009,893</u>	
END OF YEAR			<u>\$ 1,281,677</u>	

North Palos Elementary School District Number 117
Assessed Valuations, Tax Rates, Allocations and Extensions (Unaudited)
Tax Years 2007 - 2016

	Tax Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ASSESSED VALUATIONS	<u>\$ 572,450,197</u>	<u>\$ 545,324,442</u>	<u>\$ 560,576,505</u>	<u>\$ 573,286,023</u>	<u>\$ 607,366,606</u>	<u>\$ 658,155,913</u>	<u>\$ 805,043,802</u>	<u>\$ 805,012,287</u>	<u>\$ 806,715,331</u>	<u>\$ 723,929,227</u>
TAX RATES										
Education	3.3760	3.5000	3.5000	3.1947	3.2568	3.2932	2.6826	2.5892	2.6008	2.8171
Tort Immunity	0.0513	0.0793	0.0753	0.0689	0.0663	0.0746	0.0610	0.0412	0.0383	0.0356
Special Education	0.3858	0.3929	0.3675	0.3608	0.3393	0.0000	0.0000	0.0000	0.0000	0.0000
Operations and Maintenance	0.5305	0.5500	0.5500	0.4920	0.4734	0.3282	0.2683	0.3766	0.3575	0.3557
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Bond and Interest	0.3379	0.3523	0.3349	0.3268	0.2821	0.2609	0.2129	0.2132	0.2126	0.2353
Transportation	0.7014	0.6633	0.4877	0.7052	0.2683	0.2237	0.1829	0.1176	0.1277	0.1280
IMRF	0.1215	0.1275	0.1929	0.0984	0.0916	0.0895	0.0732	0.0612	0.0562	0.0464
Social Security	0.1259	0.1369	0.0551	0.0984	0.0916	0.0895	0.0732	0.0612	0.0562	0.0583
Working Cash	0.0482	0.0500	0.0500	0.0456	0.0465	0.0456	0.0470	0.0453	0.0383	0.0356
TOTAL TAX RATES	<u>5.6785</u>	<u>5.8522</u>	<u>5.6134</u>	<u>5.3908</u>	<u>4.9159</u>	<u>4.4052</u>	<u>3.6011</u>	<u>3.5055</u>	<u>3.4876</u>	<u>3.7120</u>
TAX EXTENSIONS										
Education	\$ 19,325,669	\$ 19,086,355	\$ 19,620,178	\$ 18,314,768	\$ 19,780,715	\$ 21,674,475	\$ 21,596,105	\$ 20,843,378	\$ 20,981,100	\$ 20,394,000
Tort Immunity	293,550	432,600	422,300	394,994	402,684	491,076	491,076	331,665	309,000	257,500
Special Education	2,208,648	2,142,400	2,060,000	2,068,415	2,060,794	25	0	0	10	0
Operations and Maintenance	3,036,891	2,999,284	3,083,171	2,820,567	2,875,273	2,159,932	2,159,932	3,031,676	2,884,000	2,575,000
Life Safety	29	27	26	0	0	25	0	0	10	0
Bond and Interest	1,934,415	1,920,969	1,877,559	1,873,664	1,713,488	1,717,426	1,714,173	1,716,115	1,715,163	1,703,120
Transportation	4,015,420	3,616,976	2,734,151	4,042,813	1,629,564	1,472,425	1,472,425	946,694	1,030,000	927,000
IMRF	695,250	695,250	1,081,500	564,113	556,347	589,292	589,292	492,667	453,200	335,780
Social Security	721,000	746,750	309,000	564,113	556,347	589,292	589,292	492,667	453,200	422,300
Working Cash	276,081	272,662	280,288	261,418	282,425	300,000	378,370	364,670	309,000	257,500
TOTAL TAX EXTENSIONS	<u>\$ 32,506,953</u>	<u>\$ 31,913,273</u>	<u>\$ 31,468,173</u>	<u>\$ 30,904,865</u>	<u>\$ 29,857,637</u>	<u>\$ 28,993,968</u>	<u>\$ 28,990,665</u>	<u>\$ 28,219,532</u>	<u>\$ 28,134,683</u>	<u>\$ 26,872,200</u>

**North Palos Elementary School District Number 117
Computation of Legal Debt Margin
For the Year Ended June 30, 2017**

Assessed Valuation - 2016 Tax Year	<u>\$ 572,450,197</u>
Statutory Debt Limitation - 6.9% of Assessed Valuation	39,499,064
Total Debt	<u>22,433,119</u>
Legal Debt Margin	<u>\$ 17,065,945</u>



**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Education
North Palos Elementary School District Number 117
Palos Hills, Illinois

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Palos Elementary School District Number 117, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise North Palos Elementary School District Number 117's basic financial statements, and have issued our report thereon dated September 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Palos Elementary School District Number 117's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Palos Elementary School District Number 117's internal control. Accordingly, we do not express an opinion on the effectiveness of North Palos Elementary School District Number 117's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the school district's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Palos Elementary School District 117's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and questioned costs as item 2017-001. No other instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were noted. Our opinion on each major federal program is not modified with respect to these matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, other specific users, such as ISBE, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kuntze & Associates, P.C.

Form of Continuing Disclosure Undertaking

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by School District Number 117, Cook County, Illinois (the “*District*”), in connection with the issuance of \$_____ General Obligation Limited Refunding School Bonds, Series 2018A (the “*Series 2018A Bonds*”), and \$_____ Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the “*Series 2018B Bonds*” and, together with the Series 2018A Bonds, the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 19th day of June, 2018 (as supplemented by a notification of sale, the “*Resolution*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The District represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

LIMITED BONDS (base calculation and chart only)

THE DISTRICT

Enrollments

FINANCIAL INFORMATION

Trend of EAV

Tax Rates

Tax Extensions and Collections

Summary of Outstanding Debt

Debt Repayment Schedule

Debt Statement (with respect to the District's debt only)

Debt Ratios (with respect to the District's debt only)

SUMMARY OF OPERATING RESULTS

Combined Educational Fund and Operations and Maintenance Fund Revenue Sources

Summary of Operating Funds and Debt Service Fund

On-Behalf Payments Summary (table only)

Budget Summary

SCHOOL DISTRICT FINANCIAL PROFILE (LAST PARAGRAPH ONLY)

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the District prepared pursuant to the principles and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated _____, 2018, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The District will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the District will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the

notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. The District shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The District shall give notice to EMMA in a timely manner if this Section is applicable.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding

anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

SCHOOL DISTRICT NUMBER 117, COOK COUNTY,
ILLINOIS

By _____
President, Board of Education

Date: _____, 2018

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2018. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statements will be submitted to EMMA within 30 days after availability to the District.

Audited Financial Statements will be prepared in accordance with accounting principles mandated by the Illinois State Board of Education.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the District will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

**EXHIBIT III
CUSIP NUMBERS
SERIES 2018A BONDS**

YEAR OF MATURITY	CUSIP NUMBER (214613)
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	

SERIES 2018B BONDS

YEAR OF MATURITY	CUSIP NUMBER (214613)
2019	
2020	
2021	

Appendix D

Official Notices of Sale and Bid Forms

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

SCHOOL DISTRICT NUMBER 117

COOK COUNTY, ILLINOIS

\$9,390,000* GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2018A

DATE AND TIME: August 14, 2018
10:00 a.m.
Central Daylight Saving Time

PLACE: PMA Securities, Inc.
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563
Attention: Jasen Pinkerton
Phone: (630) 657-6442
Fax: (630) 718-8701

FORM OF BIDDING: Electronic or facsimile, as described herein

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**SCHOOL DISTRICT NUMBER 117
COOK COUNTY, ILLINOIS**

\$9,390,000* GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2018A

NOTICE IS HEREBY GIVEN that the Board of Education (the “Board”) of School District Number 117, Cook County, Illinois (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent by facsimile transmission at (630) 718-8701 (each as more fully described below), for the purchase of its \$9,390,000* General Obligation Limited Refunding School Bonds, Series 2018A (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:00 a.m.
Central Daylight Saving Time
August 14, 2018

PLACE: Offices of the District’s Financial Advisor:
PMA Securities, Inc. (the “Financial Advisor”)
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* (“TIC”) to the District.

The Bonds

The Bonds are issued pursuant to the School Code of the State of Illinois, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board on June 19, 2018, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) currently refund a portion of the District’s outstanding Limited School Bonds, Series 2008A, dated May 1, 2008, (ii) currently refund the District’s outstanding Limited School Bonds, Series 2008B, dated May 1, 2008, and (iii) pay costs associated with the issuance of the Bonds.

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

*Preliminary, subject to change.

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

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

Bidding Instructions

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:00 a.m. Central Daylight Saving Time either:

(i) via **Parity®** in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity®** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity®**, potential bidders may contact the Financial Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) by facsimile transmission to (630) 718-8701.

The bidder bears all risk of transmission failure.

Any bidder intending to bid by facsimile transmission shall notify the Financial Advisor of such intention no later than the close of business on the day before the sale, Monday, August 13, 2018.

Determination of Winning Bid

The Bonds will be awarded to the single and best bidder (the “Purchaser”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on December 1, 2018 and semiannually on each June 1 and December 1 thereafter), produces an amount on the date of the Bonds (expected to be September 5, 2018) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

Bidding Parameters

The Bonds will be dated the date of issuance thereof and will mature on the dates and in the amounts as described in the Official Bid Form attached hereto.

The Bonds are not subject to optional redemption prior to maturity.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.0%. All bids must be for all of the Bonds and must be for not less than 100.0% and not more than 110.0% of the par amount thereof.

Attorneys' fees, Rating Agency fees, Financial Advisor and Escrow Agent fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

A good faith deposit will not be required prior to bid opening. The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the School Treasurer who receives the taxes of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the sale date. The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

The Purchaser shall provide Bond Counsel, within 48 hours of the award, the required issue statistics to complete parts II-V of Department of Treasury Form 8038-G.

Establishment of Issue Price

(a) The Purchaser shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (as hereinafter defined) or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Financial Advisor, identified herein, and any notice or report to be provided to the District may

be provided to the District's Financial Advisor. Within one hour of the award, the Purchaser will provide the District and its Financial Advisor the expected initial offering price of the Bonds, which the Purchaser used to formulate its bid.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

- (1) the District will disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, any bid proposal submitted will not be subject to cancellation or withdrawal, and the District agrees to use the rules selected by the Purchaser on its bid form to determine the issue price for the Bonds. On the bid form, each bidder must select one of the following rules to establish the issue price of the Bonds: (i) the "10% Test" which will establish the issue price of a maturity of the Bonds as the first price at which 10% of such maturity of the Bonds is sold to the Public, or (ii) the "Hold-the-Offering-Price Rule" which will establish the issue price of a maturity of the Bonds as the initial offering price of that maturity, in each case applied on a maturity-by-maturity basis. If the Purchaser selects the Hold-the-Offering-Price Rule, the Purchaser shall promptly advise the District, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds have not satisfied the 10% Test and will be subject to the Hold-the-Offering-Price Rule. **Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule or the 10% Test, as selected on the bid form, in order to establish the issue price of the Bonds.**

(d) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the Hold-the-Offering-Price Rule**, then the Purchaser shall (i) confirm that the Underwriters (as hereinafter defined) have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the "Initial Offering Price"), and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date (as hereinafter defined) and ending

on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date;
or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Purchaser will advise the District promptly after the close of the fifth (5th) business day after the Sale Date whether it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public. Within one hour of the award, the Purchaser will inform the District of the Initial Offering Price for each maturity of the Bonds.

(e) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the 10% Test**, then until the 10% Test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Purchaser's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel.

(f) The District acknowledges that, in making the representations set forth above, the Purchaser will rely on (i) the agreement of each Underwriter to comply with requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of award,
- (B) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an Underwriter participating in the initial sale of the Bonds to the Public, and
- (C) to acknowledge that, unless otherwise advised by the Underwriter, the Purchaser shall assume that each order submitted by the Underwriter is a sale to the Public.

(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the Purchaser or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser or the Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of the award.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,

- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the Purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the District to the Purchaser.

Closing Transcript

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Tax Exemption

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS” in the Preliminary Official Statement for a more complete discussion.

Qualified Tax-Exempt Obligations

Subject to the District’s compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the

“Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Book-Entry Only

The Bonds will be issued as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of \$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity and interest rate then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

Continuing Disclosure

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “CONTINUING DISCLOSURE” in the Preliminary Official Statement for a

description of the District's compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser's obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be September 5, 2018. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser's interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: James Bunn, Assistant Superintendent of Business Operations, 7825 West 103rd Street, Palos Hills, Illinois 60465-1676, Telephone: (708) 598-5500, or from the Financial Advisor, Attention: Jasen Pinkerton, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6442.

By order of the Board of Education of the District, dated this 7th day of August, 2018.

/s/ James Bunn

Assistant Superintendent of Business Operations
School District Number 117
Cook County, Illinois

OFFICIAL BID FORM

Board of Education
 School District Number 117
 Cook County, Illinois

August 14, 2018

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation Limited Refunding School Bonds, Series 2018A (the "Bonds"), as described below:

Par amount of Bonds:	\$9,390,000*
Dated date:	Date of Issuance
Purchase price:	\$ _____
(not less than 100.0% and not more than 110.0% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.0%):

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate</u>	<u>Term Bonds</u> <u>(Year)</u>
2021	780,000	_____	_____
2022	1,305,000	_____	_____
2023	1,355,000	_____	_____
2024	1,285,000	_____	_____
2025	1,335,000	_____	_____
2026	1,390,000	_____	_____
2027	1,445,000	_____	_____
2028	495,000	_____	_____

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a bond.

Any bidder electing to designate a maturity as a term bond shall so specify on the bid form. The term bond shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, Rating Agency fees, Financial Advisor and Escrow Agent fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost: \$ _____
True Interest Cost: _____ %

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. If the Competitive Sale Requirements are not met, the bidder selects the following rule to establish the issue price of the maturities of the Bonds applied on a maturity-by-maturity basis (mark one):

_____ 10% Test: the first price at which 10% of a maturity of the Bonds is sold to the Public

_____ Hold-the-Offering-Price Rule: the initial offering price of that maturity

By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

We understand that if we are the winning bidder, we will deposit with the School Treasurer who receives the taxes of the District not later than 3:30 P.M. CDT on the Sale Date a certified or cashier's check or a wire in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter Signature

Name of Firm: _____

Direct Contact: _____

Address: _____

Phone Number: _____

E-Mail Address: _____

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 14th day of August 2018, by the Board of Education of School District Number 117, Cook County, Illinois, and in recognition thereof is signed by the officials of the District empowered and authorized to make such acceptance.

President, Board of Education
School District Number 117
Cook County, Illinois

Assistant Superintendent of Business
Operations
School District Number 117
Cook County, Illinois

Form of Issue Price Certificate

EXHIBIT A

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____, _____, _____ (the “Purchaser”), hereby certifies as set forth below with respect to the sale and issuance of the General Obligation Limited Refunding School Bonds, Series 2018A (the “Bonds”), by School District Number 117, Cook County, Illinois (the “District”).

I. GENERAL

On the Sale Date, the Purchaser purchased the Bonds from the District by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the District. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. PRICE

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

[2. Sale of 10%.

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A*.]

[3. Expected First Sale Price.

With respect to each of the _____ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).]

[4. Hold the Offer Price.

The Purchaser offered the Bonds to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit B*.

(a) As set forth in the Notice of Sale and bid award, the Purchaser agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(b) No Underwriter (as defined below) has offered or sold any Bonds of any Maturity at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.]

III. DEFINED TERMS

[1. *General Rule Maturities* means those Maturities of the Bonds not listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[2. *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2018), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2018.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, including, specifically, the Purchaser, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

_____, _____, _____

By: _____

Name: _____

Its: _____

Dated: _____, 2018

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

SCHOOL DISTRICT NUMBER 117

COOK COUNTY, ILLINOIS

**\$2,830,000* TAXABLE GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS,
SERIES 2018B**

DATE AND TIME:

August 14, 2018
10:30 a.m.
Central Daylight Saving Time

PLACE:

PMA Securities, Inc.
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563
Attention: Jasen Pinkerton
Phone: (630) 657-6442
Fax: (630) 718-8701

FORM OF BIDDING:

Electronic or facsimile, as described herein

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

SCHOOL DISTRICT NUMBER 117

COOK COUNTY, ILLINOIS

**\$2,830,000* TAXABLE GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS,
SERIES 2018B**

NOTICE IS HEREBY GIVEN that the Board of Education (the “Board”) of School District Number 117, Cook County, Illinois (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent by facsimile transmission at (630) 718-8701 (each as more fully described below), for the purchase of its \$2,830,000* Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:30 a.m.
Central Daylight Saving Time
August 14, 2018

PLACE: Offices of the District’s Financial Advisor:
PMA Securities, Inc. (the “Financial Advisor”)
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* (“TIC”) to the District.

The Bonds

The Bonds are issued pursuant to the School Code of the State of Illinois, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board on June 19, 2018, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) currently refund a portion of the District’s outstanding Limited School Bonds, Series 2008A, dated May 1, 2008, (ii) currently refund a portion of the District’s outstanding Taxable Limited Refunding Bonds, Series 2008C, dated May 1, 2008, and (iii) pay costs associated with the issuance of the Bonds.

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

*Preliminary, subject to change.

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

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

Bidding Instructions

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:30 a.m. Central Daylight Saving Time either:

(i) via **Parity®** in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity®** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity®**, potential bidders may contact the Financial Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) by facsimile transmission to (630) 718-8701.

The bidder bears all risk of transmission failure.

Any bidder intending to bid by facsimile transmission shall notify the Financial Advisor of such intention no later than the close of business on the day before the sale, Monday, August 13, 2018.

Determination of Winning Bid

The Bonds will be awarded to the single and best bidder (the “Purchaser”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on December 1, 2018 and semiannually on each June 1 and December 1 thereafter), produces an amount on the date of the Bonds (expected to be September 5, 2018) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

Bidding Parameters

The Bonds will be dated the date of issuance thereof and will mature on the dates and in the amounts as described in the Official Bid Form attached hereto.

The Bonds are not subject to optional redemption prior to maturity.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.0%. All bids must be for all of the Bonds and must be for not less than 99.0% and not more than 103.0% of the par amount thereof.

Attorneys' fees, Rating Agency fees, Financial Advisor and Escrow Agent fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

A good faith deposit will not be required prior to bid opening. The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the School Treasurer who receives the taxes of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the sale date. The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages

Closing Transcript

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Tax Status

Interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income

taxes. See “TAX MATTERS” in the Preliminary Official Statement for a more complete discussion.

Book-Entry Only

The Bonds will be issued as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of \$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity and interest rate then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

Continuing Disclosure

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser's obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be September 5, 2018. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser's interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: James Bunn, Assistant Superintendent of Business Operations, 7825 West 103rd Street, Palos Hills, Illinois 60465-1676, Telephone: (708) 598-5500, or from the Financial Advisor, Attention: Jasen Pinkerton, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6442.

By order of the Board of Education of the District, dated this 7th day of August, 2018.

/s/ James Bunn

Assistant Superintendent of Business Operations
School District Number 117
Cook County, Illinois

OFFICIAL BID FORM

Board of Education
School District Number 117
Cook County, Illinois

August 14, 2018

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the Taxable General Obligation Limited Refunding School Bonds, Series 2018B (the "Bonds"), as described below:

Par amount of Bonds: \$2,830,000*
Dated date: Date of Issuance
Purchase price: \$ _____
(not less than 99.0% and not more than 103.0% of the par amount of the Bonds)

The Bonds shall bear interest as follows (each rate)(i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.0%):

<u>Maturity</u> <u>(December 1)</u>	<u>Amount (\$)*</u>	<u>Rate</u>	<u>Term Bonds</u> <u>(Year)</u>
2019	1,175,000	_____	_____
2020	1,175,000	_____	_____
2021	480,000	_____	_____

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a bond.

Any bidder electing to designate a maturity as a term bond shall so specify on the bid form. The term bond shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, Rating Agency fees, Financial Advisor and Escrow Agent fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the

offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost: \$ _____
True Interest Cost: _____ %

We understand that if we are the winning bidder, we will deposit with the School Treasurer who receives the taxes of the District not later than 3:30 P.M. CDT on the Sale Date a certified or cashier's check or a wire in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter Signature

Name of Firm: _____
Direct Contact: _____
Address: _____
Phone Number: _____
E-Mail Address: _____

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 14th day of August 2018, by the Board of Education of School District Number 117, Cook County, Illinois, and in recognition thereof is signed by the officials of the District empowered and authorized to make such acceptance.

President, Board of Education
School District Number 117
Cook County, Illinois

Assistant Superintendent of Business
Operations
School District Number 117
Cook County, Illinois