PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 6, 2017

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.

NEW ISSUES – BOOK-ENTRY ONLY
– BANK QUALIFIED (2017A BONDS ONLY)

RATING+: S&P "A+" (STABLE OUTLOOK)

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 2017A 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 2017A Bonds is not exempt from present State of Illinois income taxes. Interest on the 2017B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the 2017B Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion. The 2017A 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 123
COOK COUNTY, ILLINOIS
(OAK LAWN-HOMETOWN)
$6,105,000* GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2017A
$5,275,000* TAXABLE GENERAL OBLIGATION LIMITED REFUNDING SCHOOL BONDS, SERIES 2017B

Dated: Date of Issuance **Due: December 1, as Shown on the Inside Cover Page**

The General Obligation Limited Refunding School Bonds, Series 2017A (the "2017A Bonds"), and Taxable General Obligation Limited Refunding School Bonds, Series 2017B (the "2017B Bonds", and together with the 2017A Bonds, the "Bonds"), of School District Number 123, Cook County, Illinois (the "District"), are issuable as fully registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. The Bonds are issued in fully registered form in denominations of $5,000 and integral multiples thereof, and will bear interest payable on June 1 and December 1 of each year, with December 1, 2017, as the first interest payment date. 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 2017A Bonds will be used to (i) currently refund a portion of the District's outstanding General Obligation Limited Refunding School Bonds, Series 2007B, dated October 15, 2007, (ii) currently refund a portion of the District's outstanding Taxable General Obligation Limited School Bonds, Series 2007C, dated October 15, 2007 (the "2007C Bonds"), and (iii) pay costs associated with the issuance of the 2017A Bonds.

Proceeds of the 2017B Bonds will be used to (i) currently refund a portion of the 2007C Bonds, and (ii) pay costs associated with the issuance of the 2017B Bonds.

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

The Bonds are not subject to redemption prior to maturity.

The Bonds are offered when, as and if issued by the District and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel. Chapman and Cutler LLP is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about November 1, 2017.

RAYMOND JAMES®
AS UNDERWRITER

PMA™ SECURITIES
AS FINANCIAL ADVISOR

The date of this Official Statement is October ____, 2017.

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

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

$6,105,000* General Obligation Limited Refunding School Bonds, Series 2017A

Maturity (December 1)	Amount ($)*	Rate (%)	Yield (%)	CUSIP[(1)] (214651)
2022	795,000			
2023	980,000			
2024	1,020,000			
2025	1,060,000			
2026	1,105,000			
2027	1,145,000			

$5,275,000* Taxable General Obligation Limited Refunding School Bonds, Series 2017B

Maturity (December 1)	Amount ($)*	Rate (%)	Yield (%)	CUSIP[(1)] (214651)
2017	270,000			
2018	1,350,000			
2019	1,405,000			
2020	1,185,000			
2021	915,000			
2022	150,000			

*Preliminary, subject to change.
(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 also 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 123, 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 Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

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

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

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

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

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

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

School District Number 123
Cook County, Illinois
(Oak Lawn-Hometown)
4201 West 93rd Street
Oak Lawn, Illinois 60501
(708) 423-0150

* * * * * * * * * * * * * * * * * *

Board of Education

Brian Nichols, President
Theresa M. Roche, Vice President
Jay M. Lurquin, Secretary
Peter DeRousse
Jennifer Fortier
Jacqueline Lichter
Julie Misner

Worth Township School Treasurer

Terrance LaBella

Superintendent

Dr. Paul J. Enderle

Assistant Superintendent for Business and Operations

Dr. Michael Loftin

* * * * * * * * * * * * * * * * * *

Paying Agent/Registrar

UMB Bank, National Association
1010 Grand Boulevard
Kansas City, Missouri 64106

Independent Auditors

RSM US LLP
1 South Wacker Drive, Suite 800
Chicago, Illinois 60606

Bond and Disclosure Counsel

Chapman and Cutler LLP
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Chicago, Illinois 60603

Financial Advisor

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Naperville, Illinois 60563

Underwriter

Raymond James & Associates, Inc.
550 West Washington, Suite 1650
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TABLE OF CONTENTS

PAGE

Appendices:

School District Number 123
Cook County, Illinois
(Oak Lawn-Hometown)
$6,105,000* General Obligation Limited Refunding School Bonds, Series 2017A
$5,275,000* Taxable General Obligation Limited Refunding School Bonds, Series 2017B

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning School District Number 123, Cook County, Illinois (the "District"), in connection with the offering and sale of its $6,105,000* General Obligation Limited Refunding School Bonds, Series 2017A (the "2017A Bonds"), and $5,275,000* Taxable General Obligation Limited Refunding School Bonds, Series 2017B (the "2017B Bonds" and together with the 2017A 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, 2017. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar in 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 September 25, 2017, as supplemented by a notification of sale (together, the "Bond Resolution"). Proceeds of the 2017A Bonds will be used to (i) currently refund a portion of the District's outstanding General Obligation Limited Refunding School Bonds, Series 2007B, dated October 15, 2007 (the "2007B Bonds"), (ii) currently refund a portion of the District's outstanding Taxable General Obligation Limited School Bonds, Series 2007C, dated October 15, 2007 (the "2007C Bonds"), and (iii) pay costs associated with the issuance of the 2017A Bonds.

Proceeds of the 2017B Bonds will be used to (i) currently refund a portion of the 2007C Bonds, and (ii) pay costs associated with the issuance of the 2017B Bonds.

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 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.

At closing, 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 2007B Bonds and 2007C Bonds remaining outstanding after the Refunding (as hereinafter defined). The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds. The amount of the Base for the 2017 levy year has been determined to be $1,719,387.27, which is calculated as follows:

Levy Year	Debt Service Extension Base	CPI	CPI Increase	New Debt Service Extension Base
2009	$ 1,495,420.00	0.10%	$ 1,495.42	$ 1,496,915.42
2010	1,496,915.42	2.70%	40,416.71	1,537,332.13
2011	1,537,332.13	1.50%	23,059.98	1,560,392.11
2012	1,560,392.11	3.00%	46,811.76	1,607,203.87
2013	1,607,203.87	1.70%	27,322.46	1,634,526.33
2014	1,634,526.33	1.50%	24,517.89	1,659,044.22
2015	1,659,044.22	0.80%	13,272.35	1,672,316.57
2016	1,672,316.57	0.70%	11,706.22	1,684,022.79
2017	1,684,022.79	2.10%	35,364.48	1,719,387.27

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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	Debt Service on the Outstanding Limited Bonds	Less: Refunded Bonds*	Debt Service on the Bonds*	Total Limited Bonds Debt Service*	Base (1)	Available Base*
2016	$ 1,494,100	$ -	$ -	$ 1,494,100	$ 1,684,023	$ 189,923
2017	1,492,917	(1,492,917)	1,719,279	1,719,278	1,719,387	109
2018	1,492,839	(1,492,839)	1,744,039	1,744,039	1,745,178	1,139
2019	1,490,321	(1,490,321)	1,490,600	1,490,599	1,745,178	254,579
2020	1,490,471	(1,490,471)	1,189,671	1,189,671	1,745,178	555,507
2021	1,492,357	(1,492,357)	1,193,685	1,193,685	1,745,178	551,493
2022	1,491,273	(1,491,273)	1,192,400	1,192,400	1,745,178	552,778
2023	1,491,558	(1,491,558)	1,193,200	1,193,200	1,745,178	551,978
2024	1,493,628	(1,493,628)	1,192,400	1,192,401	1,745,178	552,778
2025	1,491,333	(1,491,333)	1,195,000	1,195,000	1,745,178	550,178
2026	1,495,240	(1,495,240)	1,190,800	1,190,800	1,745,178	554,378
	$ 16,416,037	$ (14,921,937)	$13,301,073	$ 14,795,173		

*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 year 2017, and is assumed to be 1.5% for levy year 2018 and 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 District covenanted in the Bond Resolution to set aside at closing of the Bonds any amounts due to pay principal and interest in any year above the Base.

THE REFUNDING

Proceeds of the 2017A Bonds will be used to currently refund a portion of the 2007B Bonds (the "2007B Refunded Bonds"), and currently refund a portion of the 2007C Bonds (the "2007C Refunded Bonds", together with the 2007B Bonds, the "Refunded Bonds"). Proceeds of the 2017B Bonds will be used to currently refund a portion of the 2007C Bonds. The purpose of the refunding is to generate debt service savings to the District and provide future flexibility.

2007B Bonds
(Dated Date: October 15, 2007)

CUSIP (214651)	Maturities (December 1)	Original Outstanding Amount	Refunded Bonds*	Remaining Amount*	Redemption Price(4)	Redemption Date
KV2	2017	$425,000	$ -	$ 425,000	N/A	N/A
KW0	2018	445,000	445,000	-	100.00%	December 1, 2017
KX8	2019	460,000	460,000	-	100.00%	December 1, 2017
KY6	2020	480,000	480,000	-	100.00%	December 1, 2017
	2021(1)	500,000	500,000	-	100.00%	December 1, 2017
LA7	2022	520,000	520,000	-	100.00%	December 1, 2017
	2023(2)	540,000	540,000	-	100.00%	December 1, 2017
LC3	2024	565,000	565,000	-	100.00%	December 1, 2017
	2025(3)	585,000	585,000	-	100.00%	December 1, 2017
LE9	2026	610,000	610,000	-	100.00%	December 1, 2017
	Total:	$ 5,130,000	$ 4,705,000	$ 425,000		

*Preliminary, subject to change.
(1) Mandatory sinking fund payment for the term bond due on December 1, 2022.
(2) Mandatory sinking fund payment for the term bond due on December 1, 2024.
(3) Mandatory sinking fund payment for the term bond due on December 1, 2026.
(4) Expressed as a percentage of par.

2007C Bonds
(Dated Date: October 15, 2007)

CUSIP (214651)	Maturities (December 1)	Original Outstanding Amount	Refunded Bonds*	Remaining Amount*	Redemption Price(4)	Redemption Date
LR0	2017	$425,000	$ -	$ 425,000	N/A	N/A
	2018 (1)	445,000	445,000	-	100.00%	December 1, 2017
	2019 (1)	475,000	475,000	-	100.00%	December 1, 2017
	2020 (1)	500,000	500,000	-	100.00%	December 1, 2017
	2021 (1)	530,000	530,000	-	100.00%	December 1, 2017
LW9	2022	565,000	565,000	-	100.00%	December 1, 2017
	2023 (2)	600,000	600,000	-	100.00%	December 1, 2017
	2024 (2)	635,000	635,000	-	100.00%	December 1, 2017
	2025 (2)	680,000	680,000	-	100.00%	December 1, 2017
	2026 (2)	720,000	720,000	-	100.00%	December 1, 2017
MB4	2027 (3)	1,450,000	1,450,000	-	100.00%	December 1, 2017
	Total:	$ 7,025,000	$ 6,600,000	$ 425,000		

*Preliminary, subject to change.
(1) Mandatory sinking fund payment for the term bond due on December 1, 2022.
(2) Mandatory sinking fund payment for the term bond due on June 1, 2027.
(3) June 1, 2027, maturity date.
(4) Expressed as a percentage of par.

Proceeds of the Bonds to be used to refund the Refunded Bonds will be deposited with the paying agent for the Refunded Bonds (the “Prior Paying Agent”) and will be used by the Prior Paying Agent to make all payments of the principal of and interest on the Refunded Bonds upon redemption prior to maturity.

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SOURCES AND USES

	2017A Bonds	2017B Bonds
Par Amount of the Bonds..............................		
[Net] Original Issue Premium/(Discount)......		
Total Sources	$ -	$ -

Estimated Uses of Funds

	2017A Bonds	2017B Bonds
Deposit with the Prior Paying Agent.............		
Costs of Issuance.(1).......................................		
Total Uses	$ -	$ -

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

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of 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 ("S&P") 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 of Revenue"). For triennial reassessment purposes, the County is divided into three districts: west and south suburbs (the "South Tri"), north and northwest suburbs (the "North Tri"), and the City of Chicago (the "City Tri"). The District is located in the South Tri and was reassessed for the 2014 tax levy year. The South Tri will be reassessed for the 2017 tax levy year.

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

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

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

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

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

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

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

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

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

Equalization

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

Tax Levy Year	Equalization Factor
2007	2.8439
2008	2.9786
2009	3.3701
2010	3.3000
2011	2.9706
2012	2.8056
2013	2.6621
2014	2.7253
2015	2.6685
2016	2.8032

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

Exemptions

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

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

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

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

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

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

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least $5 per square foot, adjusted by 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 applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Homestead Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Homestead Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Homestead Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

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

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

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

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

Tax Levy

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

Property Tax Extension Limitation Law

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

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

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

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

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 "Property Tax Freeze Proposal"). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the District and the ability of the District to issue limited tax bonds. The District cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

Extensions

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

Collections

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

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

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

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

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

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

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

Truth in Taxation Law

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

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action 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 are 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 and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

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

On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018 (the "Fiscal Year 2018 Budget"). The Fiscal Year 2018 Budget contains an appropriation for General State Aid (as hereinafter defined); however, such appropriation is contingent upon General State Aid being allocated among school districts in accordance with an "Evidence-Based Funding Model." See "STATE AID" herein for more information on the Evidence-Based Funding Model. The method of allocating General State Aid among school districts in the State through school year 2016-2017 did not constitute an Evidence-Based Funding Model. Public Act 100-0465, effective August 31, 2017 ("Public Act 100-0465"), provides for an Evidence-Based Funding Model for allocating General State Aid to school districts (11.30% of the District's Combined Educational Fund and Operations and Maintenance Fund Revenue Sources for FY 2016) beginning with the 2017-2018 school year.

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

Local Economy

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

Declining EAV

The amount of property taxes extended for the District is determined by applying the various operating tax rates and the bond and interest tax rate levied by the District to the District's EAV. The District's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the District. As detailed herein under "FINANCIAL INFORMATION – Trend of EAV", the District's EAV declined 8.18% in levy year 2012, 5.76% in levy year 2013, 6.82% in levy year 2014 and 2.85% in levy year 2015. In levy year 2016 the District's EAV increased by 4.25%. Declining EAVs and increasing tax rates (certain of which may reach their rate ceilings) could reduce the amount of taxes the District is able to receive. See "FINANCIAL INFORMATION – Tax Rates" herein.

Loss or Change of Bond Rating

The Bonds have received a credit rating from S&P. The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

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

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

Continuing Disclosure

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

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the 2017A 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-2017A Bonds" herein, interest on the 2017A Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the 2017A 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 2017A 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 2017A Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the 2017A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to 2017A Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the 2017A 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 2017A 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 2017A 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 was founded in 1902, encompasses approximately 5.2 square miles and serves the City of Hometown (the "City") (6.95% of the District's 2016 EAV) and the Village of Oak Lawn (the "Village") (93.05% of the District's 2016 EAV). The District is located in the southwestern portion of the County, approximately 14 miles southwest of Chicago's "Loop" and four miles south of Midway Airport.

The District is one of two elementary districts in the Village and is a feeder school to Oak Lawn Community High School District Number 229.

The District is accessible by both Highway 57 on the east and Illinois Tollway 294 on the west. The District is served by Metra train stations in the Village, Chicago Ridge, Worth, Blue Island and Robbins. The District is also served by the Pace bus system.

Educational Facilities

The District operates six facilities.

Facility	Grades	Current Enrollment	Capacity Enrollment	Constructed	Years of Additions/Renovations
Covington School	K-5	446	549	1938	1948, 1956, 1961, 1963, 1968, 1971, 1999
Hannum School	K-5	417	577	1965	1968, 1970, 1971, 2001, 2003
Hometown School	PK-5	360	589	1953	1956, 1961, 1963, 1968, 1971, 1999, 2005
Kolmar School	PK-5	441	604	1962	1963, 1968, 1971, 2000, 2003
Sward School	K-5	534	545	1952	1959, 1961, 1965, 1968, 2000, 2005
Oak Lawn-Hometown Middle School	6-8	1,076	1,343	2005	N/A

Source: The District

Enrollments

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

School Year	Enrollment	School Year	Enrollment [2]
2013-2014	3,032	2018-2019	3,229
2014-2015	3,157	2019-2020	3,235
2015-2016	3,197	2020-2021	3,249
2016-2017	3,182	2021-2022	3,232
2017-2018 [1]	3,274	2022-2023	3,245

(1) As of October 4, 2017.
(2) Projected enrollment
The increase in historical enrollment is due to mobility in the City and the Village. The District anticipates the future enrollment to remain stable based upon an enrollment project study completed in January of 2015.

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:

Title	Name	Current Term Expires
President............................	Brian Nichols	2021
Vice President....................	Theresa M. Roche	2019
Secretary............................	Jay M. Lurquin	2021
Member..............................	Peter DeRousse	2021
Member..............................	Jennifer Fortier	2019
Member..............................	Jacqueline Lichter	2021
Member..............................	Julie Misner	2019
Worth Township Treasurer.	Terrance LaBella	Appointed

Administration

Dr. Paul Enderle assumed his role as Superintendent of the District in 2013. He has been with the District since 2003. Michael Loftin serves as the Assistant Superintendent for Business and Operations. Dr. Loftin has been with the District since 2011.

Employees

The District has approximately 344 employees of whom 226 are certified employees and 118 are non-certified. Of the total number, the Southwest Suburban Federation of Teachers AFT Local 943 represents 315 members. The contract expires on June 30, 2020. The District considers its relationship with its employees to be amicable.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

Below are the population statistics for the District, the County and the State as well as Village and the City.

	1990	2000	2010	% Change 1990-2010
The District..........	N/A	N/A	34,793	N/A
The Village	56,182	55,245	56,690	0.90
The City................	4,769	4,467	4,349	-8.81
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

Education Level	The District	The County	The State
Less than 9th Grade	3.0%	7.4%	5.4%
9th to 12th grade, no diploma	5.8	7.3	6.6
High school graduate	33.1	24.0	26.8
Some college, no degree	24.8	19.2	21.1
Associate degree	7.6	6.4	7.7
Bachelor's degree	16.0	21.5	19.9
Graduate or professional degree	9.7	14.3	12.4
Total	100.0%	100.0%	100.0%

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

Income

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

Household Income	The District	The County	The State
Under $10,000	4.3%	8.6%	7.2%
$10,000 to $14,999	4.2	4.9	4.5
$15,000 to $24,999	12.0	10.4	10.0
$25,000 to $34,999	10.8	9.4	9.4
$35,000 to $49,999	14.3	12.4	12.7
$50,000 to $74,999	16.6	16.9	17.8
$75,000 to $99,999	15.2	11.9	12.7
$100,000 to $149,999	14.7	13.3	14.1
$150,000 to $199,999	5.5	5.6	5.7
$200,000 or more	2.4	6.5	5.8
	100.0%	99.9%	100.0%
Median household income	$55,503	$55,251	$57,574

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

Housing

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

Value of Specified Owner-Occupied Units	The District	The County	The State
Less than $50,000	6.3%	4.3%	7.6%
$50,000 to $99,999	11.9	9.8	16.3
$100,000 to $149,999	16.2	14.2	16.8
$150,000 to $199,999	27.3	16.8	16.6
$200,000 to $299,999	29.7	23.6	20.4
$300,000 to $499,999	7.8	19.8	14.9
$500,000 to $999,999	0.5	9.0	5.9
$1,000,000 or more	0.3	2.4	1.5
	100.0%	99.9%	100.0%
Median value	$178,400	$218,700	$173,800
Owner-occupied	81.10%	57.00%	66.40%

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

Residential Housing Building Permits

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

Year	Reported Number of Building Permits	Construction Cost
2012...............	5	$ 748,500
2013...............	6	1,211,700
2014...............	5	1,079,000
2015...............	10	1,745,000
2016...............	14	3,005,000
2017 (1)...............	3	750,000

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

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the Village and the City for the last five calendar years and through the second quarter of 2017.

Calendar Year	The Village	The City
2012	$ 1,019,398,198	$ 22,526,417
2013	1,062,439,863	$ 21,500,917
2014	1,122,341,959	19,554,286
2015	1,187,384,070	20,204,998
2016	1,184,762,204	17,701,767
2017(1)	576,467,009	10,107,478

(1) Through the second quarter of 2017.
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.

Occupational Category	The District	The County	The State
Management, business, science, and arts occupations	33.5%	38.3%	36.8%
Service occupations	18.2	18.2	17.4
Sales and office occupations	26.2	24.4	24.5
Natural resources, construction, and maintenance occupations	8.9	6.1	7.3
Production, transportation, and material moving occupations	13.2	13.0	13.9
Totals	100.0%	100.0%	100.0%

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

Employment by Industry

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

Industry Category	The District	The County	The State
Agriculture, forestry, fishing, hunting, and mining	0.1%	0.2%	1.1%
Construction	6.4	4.6	5.1
Manufacturing	9.8	10.3	12.6
Wholesale trade	3.3	2.8	3.0
Retail trade	12.4	10.1	11.0
Transportation, warehousing, and utilities	6.2	6.4	5.9
Information	1.5	2.3	2.0
Finance, insurance, real estate, rental and leasing	6.8	8.1	7.3
Professional, scientific, management, administrative and waste management services	10.9	13.9	11.4
Educational services, health care and social assistance	24.5	22.8	23.0
Arts, entertainment, recreation, accommodation and food services	9.1	9.9	9.1
Other services, except public administration	4.5	5.0	4.7
Public administration	4.5	3.6	3.8
Total	100.0%	100.0%	100.0%

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

Largest Area Employers

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

Company Name	Product or Service	Location	Approximate employees at location
Advocate Christ Medical Center.........	Teaching hospital & trauma center...	Oak Lawn	5,500
Wynright Corporation.........................	Conveyors..	Oak Lawn	250
Hawk Ford Of Oak Lawn....................	Automobile dealership & fleet sales & leasing, including parts and service.....	Oak Lawn	100
Webb Chevrolet, Inc...........................	Automobile dealership & fleet sales & leasing..	Oak Lawn	100
Century 21 Affiliated...........................	Company headquarters & real estate brokerage...	Oak Lawn	93
Nursepower, Inc..................................	Temporary & permanent nursing employment services.....................................	Oak Lawn	80
Tel*Assist..	Call center outsourcing & telephone answering service...................................	Oak Lawn	75
B & W Cartage Co., Inc......................	Piggyback cartage, common & contract carrier...	Oak Lawn	65
Buschbach Insurance Agency.............	Insurance agency...	Oak Lawn	60
Mancari's Chrysler Jeep, Inc................	Automobile dealership & fleet sales & leasing..	Oak Lawn	53

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

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Historical Unemployment Statistics

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

	The Village	The City
Average, 2012	9.1%	10.5%
Average, 2013	9.0	10.5
Average, 2014	7.2	8.0
Average, 2015	5.9	6.4
Average, 2016	5.8	6.2
July, 2016	5.8	N/A [1]
July, 2017	4.8	N/A [1]

	The County	The State
Average, 2012	9.6%	9.0%
Average, 2013	9.7	9.1
Average, 2014	7.5	7.1
Average, 2015	6.2	5.9
Average, 2016	6.2	5.9
July, 2016	6.2	5.9
July, 2017	5.0	4.9

(1) There is no monthly data available for the City since it is a community with a population less than 25,000.
Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

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

Property Type	2012	2013	2014	2015	2016
Residential	$ 506,437,830	$ 476,522,853	$ 435,025,296	$ 423,271,323	$ 442,948,486
Farm	-	-	3,374	3,304	3,470
Commercial	143,846,969	136,489,261	173,386,932	167,704,217	173,245,003
Industrial	48,253,747	45,295,348	4,996,424	4,906,800	5,069,856
Railroad	477,685	432,155	426,270	442,690	400,195
Total[1]..............................	$ 699,016,231	$ 658,739,617	$ 613,838,296	$ 596,328,334	$ 621,667,010
Percent Change................	-8.18%[2]	-5.76%	-6.82%	-2.85%	4.25%
New Property Amounts...	$553,348	$699,695	$3,610,157	$813,517	$1,193,198

(1) Excludes tax increment financing ("TIF") incremental EAV. The 2016 TIF incremental EAV was $12,631,638. See "Tax Increment Financing Districts Located within the District" herein.
(2) Based on the District's 2011 EAV of $761,320,023.
Source: County Clerk's Office

Tax Increment Financing Districts Located within the District

A portion of the District's EAV is contained in TIF districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The TIF districts are not expected to expire in the near future. The Village is in the process of creating an additional TIF district.

Location	Year Established	Adjusted Base EAV	2016 EAV	Incremental EAV
The Village of Oak Lawn-Cicero Ave..................	2002	$ 3,822,717	$ 4,796,189	$ 1,045,210
The Village of Oak Lawn-Commuter Parking......	2003	2,180,540	4,710,688	3,312,040
The Village of Oak Lawn-Train Station................	2003	1,281,943	3,307,142	2,127,389
The Village of Oak Lawn-Triangle[1].....................	1998	4,247,975	9,562,729	6,146,999
Total..		$ 11,533,175	$ 22,376,748	$ 12,631,638

(1) This TIF district expires in levy year 2018, and it will come on the District's tax rolls in levy year 2019. The District expects to receive an additional $350,000 in property tax revenues due to the expiration of this TIF district.
Source: County Clerk's Office

Tax Rates
(Per $100 EAV)

	2012	2013	2014	2015	2016	Statutory Maximum Rate[1]
Education	$ 3.2740	$ 3.1650	$ 2.8518	$ 3.0233	$ 3.1149	N/A
O&M	0.4014	0.2208	0.4480	0.4515	0.4639	$0.550
Special Education	0.0191	0.3680	0.3259	0.3709	0.3546	0.400
Transportation	0.0000	0.2944	0.7565[2]	0.7095[2]	0.4291	N/A
Working Cash	0.0015	0.0002	0.0016	0.0008	0.0002	0.050
IMRF	0.0730	0.0765	0.0673	0.0725	0.1077	N/A
Tort	0.0730	0.0295	0.0792	0.0807	0.0828	N/A
Social Security	0.0730	0.0765	0.1030	0.1064	0.1077	N/A
Life Safety	0.0015	0.0002	0.0028	0.0008	0.0002	0.100
Building Bonds	0.5977	0.6335	0.7931	0.8164	0.7831	N/A
Bonds and Interest - Limited	0.2288	0.2422	0.2598	0.2679	0.2572	N/A
Total	$ 4.7430	$ 5.1068	$ 5.6890	$ 5.9007	$ 5.7014	

(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. Pursuant to Public Act 100-0465, beginning with levy year 2017, the District will no longer have a maximum tax rate for educational fund purposes, provided that the aggregate tax rate for the various purposes subject to the Limitation Law does not exceed the District's limiting rate under the Limitation Law.
(2) The District intentionally increased the Transportation Fund levy to capture existing and new tax revenues available under the Limitation Law in the event the District's EAV declined more than estimated in levy years 2014 and 2015. See "SUMMARY OF OPERATING RESULTS –Management Discussion" and "-Summary of Operating Funds and Debt Service Fund" herein.

Source: County Clerk's Office

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

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

Taxing Body	2012	2013	2014	2015	2016
The District	$ 4.743	$ 5.107	$ 5.689	$ 5.901	$ 5.702
The County	0.531	0.560	0.568	0.552	0.533
Cook County Forest Preserve	0.063	0.069	0.069	0.069	0.063
Metropolitan Water Reclamation District	0.370	0.417	0.430	0.426	0.406
Consolidated Elections	0.000	0.031	0.000	0.034	0.000
Worth Township	0.068	0.073	0.076	0.078	0.078
Worth Township General Assistance	0.017	0.018	0.020	0.020	0.019
Worth Township Road & Bridge	0.033	0.035	0.037	0.039	0.037
The Village	1.315	1.366	1.445	1.460	1.394
Oak Lawn Park District	0.491	0.534	0.580	0.601	0.580
Community High School District 229	2.764	2.979	3.254	3.382	3.278
Community College District 524	0.346	0.375	0.403	0.419	0.406
Total	$ 10.741	$ 11.564	$ 12.571	$ 12.981	$ 12.496

Source: County Clerk's Office

Tax Extensions and Collections (1)

	2012	2013	2014	2015	2016 (2)
Extensions	$33,154,340	$33,641,832	$34,921,260	$35,163,229	$35,424,652
Collections	32,586,957	32,961,171	34,162,097	35,143,153	34,355,101
% Collected	98.29%	97.98%	97.83%	99.94%	96.98%

(1) The District routinely budgets approximately $400,000 annually to use as repayments to taxpayers because of assessment challenges.
(2) In progress, as October 5, 2017.
Source: County Treasurer's Office

Largest Taxpayers

The taxpayers listed below represent 9.57% of the District's 2016 EAV which is $621,667,010 (which excludes TIF incremental EAV $12,631,638). 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. The 2016 EAV is the most current available.

Taxpayer	Product or Service	2016 EAV	% of EAV
Robin Realty Management	Real Estate	$ 13,571,814	2.18%
Target Corp	Retail	10,229,850	1.65%
KRCV Corp	Real Estate	6,156,363	0.99%
Hilton Inn Oak Lawn	Hotel	5,341,621	0.86%
Fifth Third Bank	Bank	5,308,108	0.85%
Altus Group US Inc	Real Estate Consultants	4,840,815	0.78%
MNR CR Health Service	Nursing and Rehabilitation	4,063,258	0.65%
Home Depot	Retail	3,715,975	0.60%
Public Storage	Storage	3,219,380	0.52%
Shops at Cicero 13	Retail	3,072,495	0.49%
Total		$ 59,519,679	9.57%

Source: County Clerk's Office

Summary of Outstanding Debt

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

Issue Description	Dated Date	Original Amount Of Issue	Current Amount Outstanding	Final Maturity Date
General Obligation School Bonds, Series 2002	12/16/02	$ 17,722,526	$ 3,740,198	12/01/22
Capital Appreciation School Bonds, Series 2004	03/18/04	7,282,373	1,596,929	12/01/20
Taxable GO Capital Appreciation Refunding School Bonds, Series 2007A	10/15/07	5,973,126	4,584,558	06/01/27
General Obligation Limited Refunding School Bonds, Series 2007B	10/15/07	8,265,000	425,000 *	12/01/17
Taxable General Obligation Limited School Bonds, Series 2007C	10/15/07	10,385,000	425,000 *	12/01/17
The 2017A Bonds	11/01/17	6,105,000 *	6,105,000 *	12/01/27
The 2017B Bonds	11/01/17	5,275,000 *	5,275,000 *	12/01/22
Total			$ 22,151,685 *	

*Preliminary, subject to change.

Debt Repayment Schedule

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

Fiscal Year	Principal Outstanding	Less: The Refunded Bonds*	2017A Bonds*	2017B Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent*
2018	$ 2,108,685	$ -	$ -	$ 270,000	$ 2,378,685	$ 2,378,685	10.74%
2019	2,188,837	(890,000)	-	1,350,000	2,648,837	5,027,522	22.70
2020	2,114,661	(935,000)	-	1,405,000	2,584,661	7,612,184	34.36
2021	2,046,867	(980,000)	-	1,185,000	2,251,867	9,864,050	44.53
2022	2,074,989	(1,030,000)	-	915,000	1,959,989	11,824,040	53.38
2023	2,031,703	(1,085,000)	795,000	150,000	1,891,703	13,715,743	61.92
2024	1,847,770	(1,140,000)	980,000	-	1,687,770	15,403,513	69.54
2025	1,899,484	(1,200,000)	1,020,000	-	1,719,484	17,122,997	77.30
2026	1,878,810	(1,265,000) (1)	1,060,000	-	1,673,810	18,796,807	84.85
2027	3,884,878	(2,780,000)	1,105,000	-	2,209,878	21,006,685	94.83
2028	-	-	1,145,000	-	1,145,000	22,151,685	100.00
	$ 22,076,685	$ (11,305,000)	$ 6,105,000	$ 5,275,000	$ 22,151,685		

(1) This amount includes the mandatory sinking fund payment on December 1, 2026 in the amount of $720,000, and the maturity amount of $1,450,000 due June 1, 2027. See "THE REFUNDING" herein. The two payments would have been paid from property taxes collected in two different levy years. Specifically, the $720,000 amount would have been payable from levy year 2025 and the $1,450,000 amount would have been payable from levy year 2026.
*Preliminary, subject to change.

Overlapping Bonded Debt
(As of August 24, 2017)

Taxpayer	Bonded Debt(1)	Allocated to the District Percent	Allocated to the District Amount
The County	$3,237,391,750	0.43%	$14,017,906
Cook County Forest Preserve District	106,265,000	0.43%	460,127
Metropolitan Water Reclamation District	2,484,843,000	0.44%	10,958,158
The Village	7,910,000	56.32%	4,454,596
Oak Lawn Park District	2,263,000	56.71%	1,283,438
Community High School District Number 218	37,426,241	11.54%	4,318,240
Community High School District Number 229	19,075,000	49.52%	9,445,940
Community College District No. 524	60,465,000	6.86%	4,146,690
Total			$ 49,085,094

(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.
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	$22,076,685	
Less: Refunded Bonds	($11,305,000)	*
The 2017A Bonds	$6,105,000	*
The 2017B Bonds	$5,275,000	*
Leases	$1,432,721	
Net Direct Debt	$23,584,406	*
Overlapping Bonded Debt	$49,085,094	
Net Direct Debt and Overlapping Bonded Debt	$72,669,500	*
EAV (2016) (1)	$621,667,010	
Statutory Debt Limit (6.9% of Equalized Assessed Valuation)	$42,895,023	
Statutory Debt Margin	$19,310,617	*

(1) Excludes TIF incremental EAV. The 2016 TIF incremental EAV was $12,631,638. See "Tax Increment Financing Districts Located within the District" herein.
*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation (2016)	$1,865,001,030	
EAV (2016)[1]	$621,667,010	
2011-2015 American Community Survey Population Estimate	35,296	
Net Direct Debt to EAV	3.79%	*
Net Direct Debt to Estimated Market Valuation	1.26%	*
Net Direct Debt and Overlapping Bonded Debt to EAV	11.69%	*
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation	3.90%	*
Net Direct Debt Per Capita	$668.19	*
Net Direct Debt and Overlapping Bonded Debt Per Capita	$2,058.86	*

(1) Excludes TIF incremental EAV. The 2016 TIF incremental EAV was $12,631,638. 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 that are currently outstanding and has no plans to issue tax anticipation warrants or revenue anticipation notes in the foreseeable future.

Future Financing

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

Default Record

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

SUMMARY OF OPERATING RESULTS

Management Discussion

In four of the last five fiscal years, the District experienced deficits in its Educational Fund. These deficits were due to the District nearing its maximum Educational Fund tax rate in levy years 2012 through 2016 while experiencing declining property values within the District from levy years 2012 through 2015. Interfund transfers are authorized by the School Code among the educational, operations and maintenance and transportation funds. A public hearing is required to be held prior to the adoption of the resolution authorizing the transfer and, after June 30, 2019, the transfer must be made solely for the purpose of meeting one-time, non-recurring expenses. The District is required to set its levies by fund prior to knowing the EAV against which taxes would be levied. Accordingly, the District intentionally increased the Transportation Fund levy to capture existing and new tax revenues available under the Limitation Law in the event EAV declined more than it estimated during this period of time. In fiscal year 2016, the District made a transfer of $6 million from the Transportation Fund to the Educational Fund to stabilize the balance in its Educational Fund. The District has budgeted for a similar $4 million transfer in its Budget for fiscal year 2018. See "Budget Summary" herein. Due to the legislative change described below, in lieu of the transfer, the District may decide to deliberately under levy in the Transportation Fund to reduce its fund balance and increase the levy in the Educational Fund to increase its fund balance.

The District expects that it will reduce the Transportation Fund levy beginning in levy year 2017 as it is no longer needed as a protective measure to collect property taxes under the Limitation Law. In levy year 2017, the District will no longer have a maximum tax rate for Educational Fund purposes pursuant to Public Act 100-0465, provided that the aggregate tax rate for the various purposes subject to the Limitation Law does not exceed the District's limiting rate under the Limitation Law. Additionally, residential property values increased in levy year 2016 which will reduce operating tax rates below fund maximums. Furthermore, pursuant to the Evidence-Based Funding Model provided for in Public Act 100-0465, the District is expected to receive approximately $140,000 in General State Aid in fiscal year 2018 above the amount the District received in fiscal year 2017 in the amount of $4.64 million. See "STATE AID" herein for more information on the Evidence-Based Funding Model. The District's fiscal year 2018 Budget does not account for the termination of the maximum Educational Fund tax rate or additional State funding; therefore, the District will likely end fiscal year 2018 better than it budgeted.

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

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

	2013	2014	2015	2016	Preliminary 2017
Local Sources	82.28 %	83.13 %	80.25 %	77.63 %	75.75 %
Flow-through Receipts	-	-	-	-	-
State Sources:					
General Aid	7.19	7.51	8.25	11.30	14.15
Supplementary General Aid	-	-	-	-	-
Mandated Categorical	3.84	4.25	3.17	4.02	2.96
Competitive Grant Aid	1.09	0.83	0.84	0.66	0.51
Total State Sources	12.11	12.59	12.25	15.98	17.62
Federal Sources	5.60	4.28	7.50	6.39	6.63
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source: Compiled from the District's Annual Financial Reports filed with the Illinois State Board of Education ("ISBE") for fiscal years ended June 30, 2013-2016 and preliminary, unaudited fiscal year 2016 results provided by the District.

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

Below is a combined summary of the operating funds of the District (consisting of the Educational Fund, Operations and Maintenance Fund, Transportation Fund, Working Cash Fund, IMRF/Social Security Fund and Tort Fund) in addition to the Debt Service Fund exclusive of "on-behalf of" payments made by the State to TRS. The District's General Fund in its Audited Financial Statements includes the Educational Fund, Operations and Maintenance Fund, Tort Fund and Working Cash Fund. The District is transitioning to the modified accrual basis for accounting in the fiscal year ending June 30, 2018.

2013	Educational Fund	Operations and Maintenance Fund	Combined Educational Fund and Operations and Maintenance Fund	Transportation Fund	Working Cash Fund (1)	IMRF/Social Security Fund	Tort Fund	Debt Service Fund	Combined Operating Funds and Debt Service Fund
Receipts	$ 27,752,748	$ 3,930,392	$ 31,683,140	$ 1,136,168	$ 119,610	$ 993,282	$ 492,860	$ 5,089,691	$ 39,514,751
Disbursements	29,514,125	3,234,122	32,748,247	1,334,441	-	1,087,974	442,909	5,006,975	40,620,546
Net Surplus (Deficit)	(1,761,377)	696,270	(1,065,107)	(198,273)	119,610	(94,692)	49,951	82,716	(1,105,795)
Other Sources (Uses)	2,230,000	-	2,230,000	-	(2,740,000)	-	-	510,000	-
Beginning Fund Balance	(979,354)	983,685	4,331	463,692	12,050,328	165,577	214,893	2,393,353	15,292,174
Ending Fund Balance	$ (510,731)	$ 1,679,955	$ 1,169,224	$ 265,419	$ 9,429,938	$ 70,885	$ 264,844	$ 2,986,069	$ 14,186,379
2014									
Receipts	$ 29,498,851	$ 3,429,639	$ 32,928,490	$ 1,661,319	$ 104,495	$ 1,024,544	$ 351,803	$ 5,783,458	$ 41,854,109
Disbursements	28,652,177	3,040,220	31,692,397	1,403,864	-	1,053,031	513,098	5,614,110	40,276,500
Net Surplus (Deficit)	846,674	389,419	1,236,093	257,455	104,495	(28,487)	(161,295)	169,348	1,577,609
Other Sources (Uses)	1,500,000	(2,000,000)	(500,000) (2)	500,000	-	-	-	-	-
Beginning Fund Balance	(510,731)	1,679,955	1,169,224	265,419	9,429,938	70,885	264,844	2,986,069	14,186,379
Ending Fund Balance	$ 1,835,943	$ 69,374	$ 1,905,317	$ 1,022,874	$ 9,534,433	$ 42,398	$ 103,549	$ 3,155,417	$ 15,763,988
2015									
Receipts	$ 27,042,943	$ 3,301,143	$ 30,344,086	$ 3,692,597	$ 92,993	$ 988,781	$ 323,007	$ 5,850,776	$ 41,292,240
Disbursements	29,820,648	2,785,009	32,605,657	1,443,911	-	1,063,859	475,536	5,458,254	41,047,217
Net Surplus (Deficit)	(2,777,705) (3)	516,134	(2,261,571)	2,248,686	92,993	(75,078)	(152,529)	392,522	245,023
Other Sources (Uses)	(85,156)	-	(85,156)	-	-	-	-	85,156	-
Beginning Fund Balance	1,835,943	69,374	1,905,317	1,022,874	9,534,433	42,398	103,549	3,155,417	15,763,988
Ending Fund Balance	$ (1,026,918)	$ 585,508	$ (441,410)	$ 3,271,560	$ 9,627,426	$ (32,680)	$ (48,980)	$ 3,633,095	$ 16,009,011
2016									
Receipts	$ 27,508,188	$ 3,958,291	$ 31,466,479	$ 5,066,539	$ 119,715	$ 1,048,982	$ 477,339	$ 6,402,050	$ 44,581,104
Disbursements	30,847,048	3,070,821	33,917,869	1,473,973	9,714	1,080,446	484,870	6,106,984	43,073,856
Net Surplus (Deficit)	(3,338,860) (3)	887,470	(2,451,390)	3,592,566	110,001	(31,464)	(7,531)	295,066	1,507,248
Other Sources (Uses)	6,000,000	-	6,000,000	(6,000,000) (4)	900,000 (5)	-	-	-	900,000
Beginning Fund Balance	(1,026,918)	585,508	(441,410)	3,271,560	9,627,426	(32,680)	(48,980)	3,633,095	16,009,011
Ending Fund Balance	$ 1,634,222	$ 1,472,978	$ 3,107,200	$ 864,126	$ 10,637,427	$ (64,144)	$ (56,511)	$ 3,928,161	$ 18,416,259
Preliminary 2017									
Receipts	$ 29,642,920	$ 3,988,405	$ 33,631,325	$ 3,837,730	$ 116,558	$ 1,192,409	$ 521,088	$ 6,335,093	$ 45,634,203
Disbursements	32,426,049	2,998,668	35,424,717	1,826,030	-	1,141,949	470,017	6,989,236	45,851,949
Net Surplus (Deficit)	(2,783,129)	989,737	(1,793,392)	2,011,700	116,558	50,460	51,071	(654,143)	(217,746)
Other Sources (Uses)	-	-	-	-	(890,286) (6)	-	-	-	(890,286)
Beginning Fund Balance	1,634,222	1,472,978	3,107,200	864,126	10,637,427	(64,144)	(56,511)	3,928,161	18,416,259
Ending Fund Balance	$ (1,148,907)	$ 2,462,715	$ 1,313,808	$ 2,875,826	$ 9,863,699	$ (13,684)	$ (5,440)	$ 3,274,018	$ 17,308,227
Fund Balance as % of Disbursements			3.71%						37.75%

See footnotes on the following page.

(1) See "Working Cash Fund" herein for a description of the Working Cash Fund.
(2) Transfer to the Transportation Fund for transportation expenditures.
(3) Deficit due to the District nearing or hitting its maximum Educational Fund Rate.
(4) Transfer to the Educational Fund to rebalance the Educational Fund balance after reaching the maximum Educational Fund tax rate. See "MANAGEMENT DISCUSSION" herein.
(5) Represents proceeds of a bond issue.
(6) Transfer to the capital project fund.
Source: Compiled from the District's Annual Financial Reports for fiscal years ended June 30, 2013-2017.

On-Behalf Payments Summary
(Years Ended June 30)

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

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

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

Fiscal Year	On-Behalf Payments
2013	5,383,807
2014	$ 6,552,773
2015	9,254,921
2016	10,254,007

Source: Compiled from the District's Annual Financial Reports for fiscal years ended June 30, 2013-2016.

Working Cash Fund

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

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

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

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

Budget Summary

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

Fund	Preliminary Fund Balances July 1, 2017	FY18 Revenue	FY18 Expenditures	Other Sources/ (Uses)	Fund Balances June 30, 2018
Educational	$ (1,148,907)	$ 31,173,000	$ 34,042,800	$ 4,000,000	$ (18,707)
Operations & Maintenance	2,462,715	3,941,400	3,126,400	-	3,277,715
Transportation	2,875,826	3,181,300	2,027,600	(4,000,000)(1)	29,526
IMRF/Social Security	(13,684)	1,310,700	1,193,900	-	103,116
Working Cash	9,863,699	117,400	-	-	9,981,099
Total Operating Funds	$ 14,039,649	$ 39,723,800	$ 40,390,700	$ -	$ 13,372,749
Debt Service	$ 3,274,018	$ 6,679,600	$ 6,648,000	$ -	$ 3,305,618
Fire Prevention & Safety	85,205	2,500	85,000	-	2,705
Capital Projects	288,981	7,900	250,000	-	46,881
Tort	(5,440)	524,800	431,900	-	87,460
Total All Funds	$ 17,682,413	$ 46,938,600	$ 47,805,600	$ -	$ 16,815,413

(1) Transfer to the Educational Fund to rebalance the Educational Fund balance. See "SUMMARY OF OPERATING RESULTS- Management Discussion" herein.
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, 2016, 15.98% 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

The State's Fiscal Year 2018 Budget appropriates General State Aid in an amount $350 million greater than the appropriation for fiscal year 2017 and requires 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 100-0465 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 its local resources available to support education (based on certain State resources and its expected property tax collections, its "Local Capacity Target") 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 (as hereinafter defined) 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, the District understands (based on publicly available information) that ISBE may assign the District a Local Capacity Target equal to approximately 75% of its Adequacy Target and that it will be placed in Tier 2. For school year 2017-2018, the District believes that it will receive approximately $146,000 of New State Funds. Until the District is formally notified by ISBE of its Adequacy Target, Local Capacity Target and Tier placement, no assurance can be given that the Adequacy Target, Local Capacity Target, Tier placement and expected New State Funds for school year 2017-2018 will not be materially different than as indicated in this paragraph.

Public Act 100-0465 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" for school year 2017-2018), which for the District was estimated to be $4.64 million. 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 (estimated to be $4.79 million for the District). 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.

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 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 has made three Mandated Categorical State Aid payments to school districts for fiscal year 2017.

The District budgeted to receive $1,653,200 in Mandated Categorical State Aid payments for fiscal year 2017, such amount being equal to four Mandated Categorical State Aid payments inclusive of the fourth categorical payment from the prior fiscal year. The District received $1,502,036 in Mandated Categorical State Aid payments, inclusive of the fourth payment from the prior fiscal year, for fiscal year 2017. The District received its third payment of approximately $517,991 in August, 2017. The State owes $709,163 in categorical payments for fiscal year 2017 which were budgeted for receipt in fiscal year 2018.

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

SCHOOL DISTRICT FINANCIAL PROFILE

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

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

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

- Financial Recognition. A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.

- Financial Review. A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.

- Financial Early Warning. A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.

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

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

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

Fiscal Year (June 30)	Original Score	Designation Based on Original Score	Adjusted Score	Designation Based on Adjusted Score
2013	3.25	Financial Review	3.25	Financial Review
2014	3.60	Financial Recognition	3.60	Financial Recognition
2015	3.60	Financial Recognition	3.60	Financial Recognition
2016	3.60	Financial Recognition	3.60	Financial Recognition
2017 (1)	3.60	Financial Recognition	N/A	N/A

(1) Based on preliminary score reported in the District's fiscal year 2017 Annual Financial Report. The District expects that ISBE will release its official Original Score and Adjusted Score in March 2018.

RETIREMENT PLANS

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

The following sections summarize certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 6 to the Audit, attached hereto as Appendix B.

Background Regarding Pension Plans

The Actuarial Valuation

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

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

GASB Standards

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

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

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

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

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

Pension Plans Remain Governed by the Pension Code

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

Teachers' Retirement System of the State of Illinois

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

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

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

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 6 to the Audit.

Employer Funding of Teachers' Retirement System

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

Fiscal Year Ended June 30	TRS Contributions
2014	$ 322,983
2015	198,730
2016	222,492

Source: The District's audited financial statements for the fiscal years ended June 30, 2014-2015 and the Audit.

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 6 to the Audit.

Shift of Contributions from the State to Employers

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

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

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

Although the Cost Shifting Proposal has not been adopted as of the date hereof, the General Assembly approved legislation shifting a portion of the State's contributions to TRS to individual school districts. On July 6, 2017, the General Assembly enacted Public Act 100-0023 ("P.A. 100-23") which, among other things, requires employers participating in TRS, such as the District, to make certain contributions to TRS that were not required under prior law. P.A. 100-23 includes provisions for a separate set of benefits (the "New Tier Benefits") applicable to employees hired after the "Implementation Date," the same being the date on which TRS authorizes new hires to participate in the New Tier Benefits, which P.A. 100-23 directs should be "as soon as possible" after the effective date of P.A. 100-23. Under P.A. 100-23, beginning in

Fiscal Year 2018, the District will be responsible for paying the normal cost for those employees earning the New Tier Benefits (as well as the normal cost for certain employees hired after the Implementation Date that elect to earn the benefits currently in place) and to amortize any unfunded liability related thereto. Finally, P.A. 100-23 mandates that the District make an additional payment to TRS to the extent that any employee's salary exceeds the salary of the Governor of the State of Illinois (currently $177,412), as calculated therein.

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

Recognition of Net Pension Liability

The New GASB Standards divide the Net Pension Liability of a pension plan for which multiple entities make a portion of the employer contribution among such contributing entities. With respect to TRS, each of the District and the State provide a portion of the employer contribution with respect to the District's TRS liability. As of June 30, 2016, the Net Pension Liability associated with the District was $128,873,516, of which the District's proportionate share was $3,715,416, and the State's proportionate share was $125,158,600.

Illinois Municipal Retirement Fund

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

Each employer participating in the IMRF, including the District has an employer reserve account with the IMRF separate and distinct from all other participating employers (the "IMRF Account") along with a unique employer contribution rate determined by the IMRF Board 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 6 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 2016 was 15.67% of covered payroll.

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

Calendar Year Ended December 31	IMRF Contributions
2014	$ 503,923
2015	560,909
2016	572,919

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

Measures of Financial Position

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

Calendar Year Ended December 31	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension
2014	$ 17,946,308	$ 15,558,919	$ 2,387,389	86.70%
2015	18,947,113	15,827,099	3,120,014	83.53%
2016	19,292,786	16,636,232	2,656,554	86.23%

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

See Note 6 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 health care benefits (OPEB) for retired employees. The District Group Health Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits to eligible retirees (those who have been at the District for 15 years) and their dependents. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Board and can only be amended by the Board. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The District does not issue a Plan financial report. The estimated cost for the fiscal year ending June 30, 2018, is $180,000.

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 State legislature for the benefit of the State's retired public school teachers employed outside the City of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the TRS. Annuitants may participate in the State administered participating provider option plan or choose from several managed care options.

The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80% during the year ended June 30, 2016, 0.76% during the year ended June 30, 2015, and 0.72% during the year ended June 30, 2014. For the year ended June 30, 2016, the District paid $159,869 to the THIS fund. For the years ended June 30, 2015 and June 30, 2014, the District paid $146,875 and $134,413, respectively, to the THIS Fund, which was 100% of the required contribution.

TAX MATTERS

2017A Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2017A 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 2017A 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 2017A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2017A Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2017A 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 2017A 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 2017A Bonds.

Ownership of the 2017A 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 2017A 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 2017A Bonds is the price at which a substantial amount of such maturity of the 2017A 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 2017A 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 2017A 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 2017A Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under Illinois 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 2017A Bonds who dispose of 2017A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2017A Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase 2017A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2017A Bond is purchased at any time for a price that is less than the 2017A 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 2017A 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 2017A 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 2017A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2017A Bonds.

An investor may purchase a 2017A 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 2017A 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 2017A Bond. Investors who purchase a 2017A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2017A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2017A 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 2017A 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 2017A 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 2017A Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2017A 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 2017A 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 2017A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2017A 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 2017A 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 2017A Bonds is not exempt from present State income taxes. Ownership of the 2017A 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 2017A Bonds. Prospective purchasers of the 2017A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

2017B Bonds

Interest on the 2017B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2017B Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the 2017B Bonds should consult their tax advisors with respect to the inclusion of interest on the 2017B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the 2017B Bonds is not exempt from present State income taxes. Ownership of the 2017B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such consequences arising with respect to the 2017B Bonds. Prospective purchasers of the 2017B 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 2017A 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

S&P has assigned its municipal rating of "A+" (Stable Outlook) to the Bonds. The rating reflects only the views of S&P and any explanation of the significance of such rating may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P 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 S&P, if, in the rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

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

The District did not file all notices on Electronic Municipal Market Access ("EMMA") with respect to insurers' rating changes relating to certain of the District's outstanding debt obligations over the last five years. Such bond insurer rating changes have since been filed to EMMA. Except to the extent the preceding is deemed to be material, to the best of the District's knowledge, it has not failed to comply in the previous five years in any material respect with undertakings previously entered into by it pursuant to the Rule. The District has retained Raymond James & Associates, Inc., Chicago, Illinois to act as the District's Dissemination Agent for its future continuing disclosure filings. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois ("Chapman and Cutler"), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in 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 underwriter, Raymond James & Associates, Inc., Chicago, Illinois (the "Underwriter"), has agreed, subject to the terms of a purchase contract (the "Purchase Contract") to purchase the Bonds from the District. The Purchase Contract provides, in part, that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Underwriter will purchase from the District the aggregate principal amount of Bonds for a purchase price as set forth in the Purchase Contract. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

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

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

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

THE OFFICIAL STATEMENT

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

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

Accuracy and Completeness of the Official Statement

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

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

/s/ ______________________________________
Assistant Superintendent for Business and Operations
School District Number 123
Cook County, Illinois

October ____, 2017

Appendix A

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 123, Cook County, Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered General Obligation Limited Refunding School Bonds, Series 2017A (the *"Bonds"*), to the amount of $__________, dated November 1, 2017, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2022	$	%
2023	$	%
2024	$	%
2025	$	%
2026	$	%
2027	$	%

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 123, 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 2017B (the *"Bonds"*), to the amount of $__________, dated November 1, 2017, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2017	$	%
2018	$	%
2019	$	%
2020	$	%
2021	$	%
2022	$	%

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, 2016

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 RSM US LLP, Chicago, 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 Michael Loftin, Assistant Superintendent for Business and Operations of the District.

Oak Lawn-Hometown School District 123 Oak Lawn, Illinois

Annual Financial Report
June 30, 2016

Contents

Contents

Financial Section (Continued)

RSM US LLP

Independent Auditor's Report

To the Members of the Board of Education
Oak Lawn-Hometown School District 123
Oak Lawn, Illinois

Report on the Financial Statements
We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Lawn-Hometown School District 123, Illinois (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Lawn-Hometown School District 123, Illinois, as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting 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 a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the budgetary comparison information, combining and individual fund financial statements, schedule of assessed valuation, tax rates, extensions and collections, and schedules of debt service requirements, and the other information, such as the schedules of employer contributions and changes in net pension liabilities, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

RSM US LLP

Chicago, Illinois
December 5, 2016

Basic Financial Statements

Government-Wide
Financial Statements (GWFS)

Oak Lawn-Hometown School District 123

Statement of Net Position - Modified Cash Basis
June 30, 2016

	Governmental Activities
Assets	
Current Assets	
Cash and investments	$ 19,463,376
Noncurrent Assets	
Capital assets not being depreciated	4,897,725
Capital assets being depreciated, net	37,027,739
Total noncurrent assets	41,925,464
Total assets	61,388,840
Deferred outflows of resources	
Unamortized losses related to debt refundings	1,790,492
Liabilities	
Current Liabilities	
Payroll liabilities	52,492
General obligation bonds	810,000
Capital appreciation bonds	4,550,000
Total current liabilities	5,412,492
Long-Term Obligations, net of current maturities	
Unamortized premium on bonds	4,907,496
General obligation bonds	13,055,000
Capital appreciation bonds	31,523,210
Total long-term liabilities	49,485,706
Total liabilities	54,898,198
Net Position	
Net investment in capital assets	23,066,100
Restricted for:	
Debt service	3,928,161
Capital projects	82,833
Transportation	864,126
Unrestricted (deficit)	(19,660,086)
Total net position	$ 8,281,134

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Statement of Activities - Modified Cash Basis
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular programs	$ 17,764,240	$ 821,750	$ 1,860	$ (16,940,630)
Special programs	3,504,475	-	1,359,576	(2,144,899)
Other instructional programs	1,165,242	-	1,316,470	151,228
Support services:				
Pupils	2,812,615	-	-	(2,812,615)
Instructional staff	2,276,014	-	82,624	(2,193,390)
General administration	1,102,878	-	-	(1,102,878)
School administration	1,845,855	-	-	(1,845,855)
Business	1,602,124	-	567,729	(1,034,395)
Transportation	1,540,051	-	790,637	(749,414)
Operations and maintenance	3,314,624	842,796	-	(2,471,828)
Central	101,085	-	-	(101,085)
Community services	101,215	-	-	(101,215)
Payments to other governments	1,195,907	-	-	(1,195,907)
Debt service:				
Interest and fees	4,150,968	-	-	(4,150,968)
Total governmental activities	$ 42,477,293	$ 1,664,546	$ 4,118,896	(36,693,851)
General revenues:				
Taxes:				
Real estate taxes				34,403,611
Corporate property replacement taxes				425,666
General state aid				3,554,687
Interest				259,301
Miscellaneous				176,188
Total general revenues				38,819,453
Change in net position				2,125,602
Net position:				
July 1, 2015				6,155,532
June 30, 2016				$ 8,281,134

See notes to basic financial statements.

Fund Financial Statements (FFS)

Oak Lawn-Hometown School District 123

Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2016

	Major Funds				
	General Fund	Debt Service Fund	Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 13,162,487	$ 4,001,801	$ 1,301,625	$ 997,463	$ 19,463,376
Due from other funds	836,578	6,558	712	-	843,848
Total assets	$ 13,999,065	$ 4,008,359	$ 1,302,337	$ 997,463	$ 20,307,224
Liabilities and Fund Balances					
Liabilities:					
Payroll liabilities	$ 52,460	$ -	$ 32	$ -	$ 52,492
Due to other fund	258,489	80,198	438,179	66,982	843,848
Total liabilities	310,949	80,198	438,211	66,982	896,340
Fund balances:					
Restricted for:					
Debt service	-	3,928,161	-	-	3,928,161
Capital projects	-	-	-	994,625	994,625
Transportation	-	-	864,126	-	864,126
Unassigned	13,688,116	-	-	(64,144)	13,623,972
Total fund balances	13,688,116	3,928,161	864,126	930,481	19,410,884
Total liabilities and fund balances	$ 13,999,065	$ 4,008,359	$ 1,302,337	$ 997,463	$ 20,307,224

See notes basic financial statements.

Oak Lawn-Hometown School District 123

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis Year Ended June 30, 2016

Total fund balances - governmental funds	$ 19,410,884
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	41,925,464
Premiums on bonds are other financing sources in the fund financial statements but are liabilities that are amortized over the life of the bonds in the government-wide financial statements.	(4,907,496)
Losses on debt refundings are not considered to represent a financial resource and, therefore, are not required in the fund financial statements but are deferred outflows of resources that are amortized over the life of the bonds in the government-wide financial statements.	1,790,492
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 governmental funds. These liabilities consist of:	
General obligation bonds	(13,865,000)
Capital appreciation bonds	(36,073,210)
Net position of governmental activities	$ 8,281,134

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2016

	Major Funds				
	General Fund	Debt Service Fund	Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 22,611,844	$ 6,353,482	$ 4,393,054	$ 1,045,231	$ 34,403,611
Corporate property replacement taxes	413,194	-	-	12,472	425,666
Charges for services	1,840,734	-	-	-	1,840,734
Unrestricted state aid	3,554,687	-	-	-	3,554,687
Restricted state aid	1,473,827	-	635,437	-	2,109,264
Restricted federal aid	2,009,632	-	-	-	2,009,632
Interest	159,615	48,568	38,048	13,070	259,301
Total revenues	32,063,533	6,402,050	5,066,539	1,070,773	44,602,895
Expenditures:					
Current:					
Instruction:					
Regular programs	16,781,168	-	-	214,253	16,995,421
Special programs	3,172,201	-	-	181,815	3,354,016
Other instructional programs	1,088,757	-	-	26,489	1,115,246
Support services:					
Pupils	2,584,470	-	-	107,467	2,691,937
Instructional staff	1,578,555	-	-	124,466	1,703,021
General administration	1,193,025	-	-	18,345	1,211,370
School administration	1,672,796	-	-	93,861	1,766,657
Business	1,337,643	-	-	83,456	1,421,099
Transportation	-	-	1,473,973	-	1,473,973
Operations and maintenance	2,576,177	-	-	262,366	2,838,543
Central	84,720	-	-	12,028	96,748
Community services	91,830	-	-	5,042	96,872
Payments to other governments	1,195,907	-	-	-	1,195,907
Capital outlay	811,180	-	-	-	811,180
Debt service:					
Principal	204,426	5,413,782	-	-	5,618,208
Interest and fees	39,598	693,202	-	-	732,800
Total expenditures	34,412,453	6,106,984	1,473,973	1,129,588	43,122,998
Excess (deficiency) of revenues over (under) expenditures	(2,348,920)	295,066	3,592,566	(58,815)	1,479,897
Other financing sources (uses):					
Bond issuance	900,000	-		-	900,000
Transfer (in)	-	-	(6,000,000)	-	(6,000,000)
Transfer out	6,000,000	-	-	-	6,000,000
Total other financing sources (uses)	6,900,000	-	(6,000,000)	-	900,000
Net change in fund balances	4,551,080	295,066	(2,407,434)	(58,815)	2,379,897
Fund balances:					
July 1, 2015	9,137,036	3,633,095	3,271,560	989,296	17,030,987
June 30, 2016	$ 13,688,116	$ 3,928,161	$ 864,126	$ 930,481	$ 19,410,884

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2016

Net change in fund balances—total governmental funds		$ 2,379,897
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures paid while governmental activities report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which depreciation expense exceeded capital outlays and gain on disposals in the current period.		
Capital outlays	$ 248,974	
Depreciation expense	(1,568,999)	(1,320,025)
Premium on bonds is recorded as other financing sources in the fund financial statements, but the premium is recorded as a liability in the statement of net position and is amortized over the life of the bonds. This is the amount in the current period.		
Amortization premium on bonds		661,680
Losses on refunded debt are not considered to represent a financial resource and, therefore, are not required in the fund financial statements, but the loss is recorded as a deferred outflow of resources in the statement of net position and is amortized over the life of the bonds. This is the amount in the current period.		
Amortization deferred loss on refunding		(241,404)
Accreted interest on capital appreciation bonds is not reported in the governmental funds, however, it results in an increase in long-term liabilities on the statement of net position.		(3,774,546)
Borrowing of principal on long-term debt is not reported in the governmental fund, however, it results in an increase in long-term liabilities on the statement of net position.		(900,000)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond principal retirement		5,320,000
Change in net position of governmental activities		$ 2,125,602

See notes to basic financial statements.

Oak Lawn-Hometown School District 123

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis
Agency Fund
June 30, 2016

	Student Activity Fund
Assets, cash	$ 146,271
Liabilities, due to activity fund organizations	146,271
Total net position	$ -

See notes to basic financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The District operates as a public school system governed by an elected seven-member board. The District is organized under The School Code of the State of Illinois, as amended. The District serves the communities of Oak Lawn and Hometown, Illinois.

The accounting policies of the District conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1) Appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2) Fiscal dependency on the primary government and the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Financial benefit or financial burden is created if any one of the following relationships exists:

1) The primary government is legally entitled to or has access to the component unit's resources.

2) The primary government is legally required or has assumed the obligation to finance the deficits of, provide support to, the component unit.

3) The primary government is obligated in some manner for the other component unit's debt.

Based upon the application criteria, no component units have been included within the reporting entity.

Basis of Presentation

Government-Wide Financial Statements (GWFS): The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the District. Eliminations have been made to minimize the double counting of internal activities of the District. The financial activities of the District consist of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., instruction, support services, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fiduciary funds are excluded from the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements (FFS): Separate financial statements are provided for governmental funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The remaining governmental funds are aggregated and reported as nonmajor governmental funds. Additionally, the District administers an agency fund that is used to account for assets held by the District in an agency capacity. These funds are held on behalf of the students of the District.

The District administers the following major governmental funds:

> **General Fund –** This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
>
> **Debt Service Fund –** Accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt from governmental funds.
>
> **Transportation Fund** – Accounts for the resources associated with transporting pupils, such as costs of transportation, purchase of vehicles and insurance on buses.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent, financial, or nonfinancial) are reported within the limitations of the modified cash basis of accounting. Equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting, is used. Under a "current financial resources" measurement focus, only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balances as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows and outflows of resources, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, accreted interest on capital appreciation bonds, premiums paid on bonds and amortization of losses related to debt refundings in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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 2015 tax levy was passed by the Board of Education on November 17, 2015, and attached as an enforceable lien on the property as of the preceding January 1. The taxes become due and collectible in March and August 2016, and are collected by the county collector, who in turn remits to the District its respective share. The District receives the remittances from the county treasurer approximately one month after collection. Property taxes are recorded upon receipt.

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of taxing districts in Illinois to raise revenues through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5 percent or the percentage increase in the Consumer Price Index for all Urban Consumers. The limitation includes taxes levied for purposes without a statutory maximum rate. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to voter approved increases.

Investments

Investments consist of pooled cash and investments held by the Worth Township Trustees and are reported at cost.

Interfund Receivables, Payables, and Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds for short-term borrowings and advances to other funds in lender funds and advances from other funds in borrower funds for long-term borrowings. Amounts are eliminated in the government-wide statement of net position.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets which include land, land improvements, buildings, and other equipment, are reported in the Statement of Net Position. Capital assets are defined as assets with an initial individual cost of more than $2,500, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

These assets have been valued at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation.

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

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Buildings	15 - 50 years
Land improvements	20 years
Equipment	5 - 20 years

Compensated Absences

Certified employees working less than 12 months a year do not earn vacation days, however, full-time 12 month employees earn 5 to 25 vacation days per year which vest as they accrue. Staff may accumulate a maximum of 5 vacation days. Days are paid out upon resignation or retirement at the employees' current daily rate. Vacation pay includes the actual salary plus salary-related payments.

All employees receive 14 sick days per year, three of which may be used for personal business, and these days accumulate to no maximum. These accumulated sick days do not vest and have not been recognized as a liability as they will not be paid in cash. Upon retirement, bargaining unit employees are paid $30 per day for each day not used for TRS/IMRF purposes. Up to 340 days may be contributed toward retirement. Certified employees are not paid for days contributed toward TRS/IMRF retirement. Bargaining Unit employees who quit, rather than retire, are not paid out any sick days but may contribute them toward early retirement.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Bond premiums and discounts are recorded as liabilities and amortized over the life of the bonds. Deferred losses on refunding are amortized over the life of the bonds and are reported as deferred outflows of resources in the Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures or expenses.

Note 1. Summary of Significant Accounting Policies (continued)

Net Position

The Statement of Net Position presents the District's non-fiduciary assets and liabilities with the difference reported in three categories:

> ***Net investment in capital assets*** consists of capital assets and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets, net of accumulated depreciation and reduced by outstanding balances for bonds.
>
> ***Restricted net positions*** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
>
> ***Unrestricted net positions*** consist of net positions that do not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Within the governmental fund types, the District's fund balances are reported in one of the following classifications:

> ***Nonspendable*** – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact. At June 30, 2016, the District had no nonspendable fund balances.
>
> ***Restricted*** – includes amounts 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*** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District's highest level of decision-making authority rests with the District's Board of Education. The District passes formal resolutions to commit their fund balances. At June 30, 2016, the District had no committed fund balances.
>
> ***Assigned*** – includes amounts that are constrained by the District's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the District's 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 Board of Education has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. At June 30, 2016, the District had no assigned fund balances.

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

> ***Unassigned*** – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and unassigned deficit fund balances of other governmental funds.

It is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned fund balances) are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

The General Fund includes the Working Cash stabilization account. Under the State of Illinois School Code (School Code), the District is authorized to incur indebtedness and issue bonds and to levy a tax annually on all taxable property of the District in order to enable the District to have in its treasury at all time sufficient money to meet demands thereon. These funds may be lent to other District governmental funds in need, but may only be expended for other purposes upon the passage of a resolution by the Board of Education to abolish or abate the fund. At June 30, 2016, the District had working cash stabilization fund balances of $10,637,427 that have been classified as unassigned fund balances in the general fund.

Elimination and Reclassification

In the process of aggregating data for the government-wide Statement of Activities, some amounts reported as interfund activity and interfund balances in the funds are eliminated or reclassified.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Budgetary Information

Budgets and Budgetary Information

Annual budgets are adopted for all governmental fund types. The annual budgets are adopted on a basis consistent with the modified cash basis of accounting at the fund level. All budgets lapse at fiscal year-end.

No later than the first regular meeting in August, the Superintendent is to submit for review by the Board of Education a tentative budget for the school year commencing on that date. After reviewing the tentative budget, the Board of Education holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund and by function. The Board of Education may make transfers between functions within a fund not exceeding in the aggregate 10 percent of the total of such fund, and may amend the total budget following the same procedures required to adopt the original budget. The legal level of budgetary control is at the fund level. There were no supplemental budgets adopted during the year. There were no transfers between functions during the year.

Budget Over-Expenditures

The following funds over-expended their budgets at June 30, 2016:

Fund	Amount
General	$ 253,903
Debt Service	66,984
Transportation	29,173
Municipal Retirement/Social Security	16,946

Note 3. Cash and Investments

Substantially all cash and investments are deposits and investments maintained in pooled accounts held in the name of the Worth Township Trustees.

Deposits

State statutes authorize the District to make deposits directly or through its Township Trustees in interest-bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of June 30, 2016, the District had deposits with federally insured financial institutions of $146,271 with bank balances totaling $149,258, and imprest cash of $5,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District policy is to have all bank balances fully insured or collateralized. As of June 30, 2016, none of the District's bank balances were exposed to custodial credit risk.

Investments

As of June 30, 2016, the District had the following investments:

	Cost
Pooled cash and investments held by the Worth Township Trustees	$ 19,458,376

Note 3. Cash and Investments (continued)

Investments (continued)

Of the total pooled cash and investments held by Worth Township Trustees, maturities are approximately as follows: less than 1 year (7.05 percent), 1 to 5 years (60.20 percent), 6-10 years (32.72 percent), and greater than 10 years (0.04 percent). The pooled accounts hold the following types of investments: U.S. Treasury Securities, Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), FHLMC (Freddie Mac), GNMA (Ginnie Mae), Illinois School District Liquid Asset Fund Plus (ISDLAF+), Municipal Bonds, Commercial paper and Illinois Funds.

Interest Rate Risk - The District's investment policy states the investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, maturity and marketability of investments shall be considered.

Credit Risk - State statutes authorize the District to invest directly or through its Township Trustees in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States and short-term obligations of corporations organized in the United States with assets exceeding $500,000,000.

The District is also authorized to invest directly or through its Township Trustees in the Illinois School District Liquid Asset Fund Plus and the Illinois Funds, which invests member deposits, on a pooled basis, primarily in short-term certificates of deposit and in high-rated, short-term obligations of major United States corporations and banks.

Concentration of Credit Risk - The District investment policy requires that the investment portfolio is diversified as to materials and investments, as appropriate to the nature, purpose, and amounts of the funds. The policy does not limit the investments in any single issuer.

Custodial Credit Risk – Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Information related to the interest rate risk, credit risk, concentration of credit risk, and custodial credit risk of the other cash and investments held by the Worth Township Trustees can be obtained from the Worth Township Trustees at 10720 South Kenton, Oak Lawn, Illinois 60453, which issues a financial report that includes financial statements and required supplementary information. This report can also be obtained online at www.worthtst.org/Public_Documents.html.

The above deposits and investments are presented in the basic financial statements as cash and investments as follows:

Statement of Net Position (GWFS)	$ 19,463,376
Statement of Fiduciary Assets and Liabilities (FFS)	146,271
	$ 19,609,647

Note 4. Capital Assets

Capital asset balances and activity for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental activities:				
Capital Assets, not being depreciated:				
Land	$ 4,755,000	$ -	$ -	$ 4,755,000
Construction in process	-	142,725	-	142,725
Total capital assets not being depreciated	4,755,000	142,725	-	4,897,725
Capital Assets, being depreciated:				
Land improvements	3,182,022	17,480	-	3,199,502
Buildings and improvements	61,663,900	7,750		61,671,650
Equipment	3,776,400	81,019	32,600	3,824,819
Total capital assets being depreciated	68,622,322	106,249	32,600	68,695,971
Less accumulated depreciation:				
Land improvements	(2,026,474)	(115,992)	-	(2,142,466)
Buildings and improvements	(24,919,283)	(1,338,465)		(26,257,748)
Equipment	(3,186,076)	(114,542)	(32,600)	(3,268,018)
Total accumulated depreciation	(30,131,833)	(1,568,999)	(32,600)	(31,668,232)
Total capital assets being depreciated, net	38,490,489	(1,462,750)	-	37,027,739
Governmental activities Capital assets, net	$ 43,245,489	$ (1,462,750)	$ -	$ 41,925,464

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 962,250
Support services	471,811
Operation and maintenance	130,595
Community services	4,343
	$ 1,568,999

Note 5. Long-Term Obligations

Long-term obligations as of June 30, 2016, and a summary of activity for the year then ended are as follows:

	Outstanding Debt as of July 1, 2015	Additions	Reductions	Outstanding Debt as of June 30, 2016	Due Within One Year
General obligation bonds	$ 13,735,000	$ 900,000	$ (770,000)	$ 13,865,000	$ 810,000
Capital appreciation bonds	36,848,664	3,774,546	(4,550,000)	36,073,210	4,550,000
Unamortized bond premiums	5,569,176	-	(661,680)	4,907,496	-
	$ 56,152,840	$ 4,674,546	$ (5,981,680)	$ 54,845,706	$ 5,360,000

Additions to capital appreciation bonds represent current year accreted interest.

The District's estimated legal debt limitation of $41,146,655, based on 6.9 percent of the 2015 equalized assessed valuation of $596,328,334, less outstanding debt of $25,173,604 after deletion of cumulative accreted interest of $24,764,606 included as principal payable in the above capital appreciation bond schedules results in an estimated legal debt margin of $15,973,051 as of June 30, 2016.

Interest rates range from 4.00 percent to 6.24 percent on the outstanding general obligation bonds and range from 9.00 percent to 13.50 percent on outstanding capital appreciation bonds. As of June 30, 2016, the future annual debt service requirements are as follows:

Year Ending	General Obligation Bonds		Capital Appreciation Bonds		
June 30,	Principal	Interest	Principal	Interest	Total
2017	$ 1,710,000	$ 663,680	$ 1,386,919	$ 3,163,531	$ 6,924,130
2018	850,000	623,509	1,258,685	3,291,315	6,023,509
2019	890,000	580,378	1,298,838	3,856,162	6,625,378
2020	935,000	534,080	1,179,661	3,975,339	6,624,080
2021	980,000	485,397	1,066,866	4,088,134	6,620,397
Thereafter	8,500,000	1,715,624	5,117,635	39,362,365	54,695,624
	$ 13,865,000	$ 4,602,668	$ 11,308,604	$ 57,736,846	$ 87,513,118

Interest maturities include $24,083,448 in accreted interest on capital appreciation bonds, which is included in long-term debt on the statement of net position.

Note 6. Retirement Fund Commitments

Teachers' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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 TRS for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the TRS up to 90 percent of the total actuarial liabilities of the TRS by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

Note 6. Retirement Fund Commitments (continued)

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2016, state of Illinois contributions in the amount of $10,254,007 were paid directly to TRS based on the state's proportionate share of the collective net pension liability associated with the employer.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016, were $115,905.

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, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling $295,581 were paid from federal and special trust funds that required employer contributions of $106,587.

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 Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the employer was not required to make payments to TRS for employer ERO contributions.

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, 2016, the employer was not required to make payments to TRS for employer contributions due on salary increases in excess of 6 percent or for sick leave days granted in excess of the normal annual allotment.

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period.

Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of the employer's proportionate share of the net pension liability and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Note 6. Retirement Fund Commitments (continued)

Teachers' Health Insurance Security Fund

The District (employer) participates in the Teachers' Health Insurance Security (THIS) Fund, a cost sharing, multiple-employer defined benefit postemployment 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 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. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by CMS with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund. The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

On behalf contributions to THIS Fund
The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were $213,825.

Employer contributions to THIS
The District (employer) also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid $159,869 to the THIS Fund, which was 100 percent of the required contribution.

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

Note 6. Retirement Fund Commitments (continued)

Illinois Municipal Retirement

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	128
Inactive Plan Members entitled to but not yet receiving benefits	283
Active Plan Members	118
Total	529

Contributions

As set by statute, the district's 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 District's required and actual contribution rates for the calendar years ending December 31, 2016 and 2015, were 15.67 percent and 15.32 percent, respectively. For fiscal year 2016, the District contributed $560,910 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefit rate is set by statute.

Note 6. Retirement Fund Commitments (continued)

Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension are not the result of cash transactions, the modified cash basis of accounting does not allow for these to be recorded on the government-wide financial statements.

The schedule of changes in net pension liability and related ratios and the schedule of employer contributions are presented as other information following the notes to the financial statements.

Note 7. Debt Defeasance

In prior years, the District advance refunded certain general obligation bonds by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2016, the outstanding balance of all defeased bonds totals $1,904,648.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Collective Liability Insurance Cooperative (CLIC) for its worker's compensation, general liability and property coverages. CLIC is an organization of school districts in Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs.

The Cooperative agreement provides that CLIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 per occurrence and $3,000,000 in aggregate for general liability and property. CLIC's member premiums are used to purchase commercial insurance. The District along with other members of CLIC has a contractual obligation to fund any premium deficiency of CLIC attributable to a membership year during which it was a member. CLIC can assess supplemental premiums to fund these premium deficiencies. In the past three years, the District made no supplemental premium payments to CLIC.

Each member District of CLIC has a vote in the election of the pool's Board of Directors. The District does not exercise any control over the activities of the pool beyond its election of the Board Members.

The District is a member of Educational Benefit Cooperative, which is a self-insured cooperative for employee health and accident claims. A purchased insurance policy limits the aggregate claims the District may potentially pay to $500,000 per individual. All administration and claims processing is done by an independent administrator.

Note 9. Obligations Under Capital Leases

The District leases various equipment under capital leases which expire between July 2017 and April 2022. Monthly, quarterly, and annual lease payments, including interest ranging from 3.67 percent and 4.90 percent, range from $7,544 to $110,565. Since the capital leases are not the result of a cash transaction, the modified cash basis of accounting does not allow for the capital leases to be recorded as a liability on the government-wide financial statements. In addition the cost of the equipment acquired under the capital lease is not capitalized and the resulting depreciation expense is not recorded on the government-wide financial statements.

The District incurred $324,838 in principal and interest expense relating to the capital leases in the current year.

Minimum future lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2016, are as follows:

Fiscal year ending June 30:		
2017	$	279,574
2018		123,745
2019		123,745
2020		123,745
2021		123,745
Thereafter		123,745
Total minimum lease payments		898,299
Less amount representing interest		81,870
Present value of net minimum lease payments	$	816,429

Note 10. Other Financial Disclosures (FFS Level Only)

Interfund Loans

At June 30, 2016, the General Fund, Debt Service Fund and Transportation Fund loaned the Debt Service Fund, the Transportation Fund and the Municipal Retirement/Social Security Fund (major governmental funds) as well as the Fire Prevention and Safety Fund (a nonmajor governmental fund) $585,359. The loan represents an operating loan that is expected to be repaid in fiscal year 2016.

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 6,000,000	$ -
Transportation Fund	-	6,000,000
	$ 6,000,000	$ 6,000,000

The purpose of the interfund transfer is to fund bond principal and interest payments.

Note 11. Post-Retirement Health Care Plan

Plan Description

The District provides post-employment health care benefits (OPEB) for retired employees. The District Group Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits to eligible retirees and their dependents. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District Board and can only be amended by the District Board. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The District does not issue a Plan financial report.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District Board and are detailed in the “Plan Document.” The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the District did not contribute to the plan. At June 30, 2016, the plan was unfunded. The estimated amount of the unfunded accrued liability has not been determined.

Annual OPEB Cost and Net OPEB Obligation

Since the net OPEB obligation is not the result of a cash transaction, the modified cash basis of accounting does not allow for the net OPEB obligation to be recorded as a liability on the government-wide financial statements.

The District has not engaged an actuary to determine the *annual required contribution* (ARC) to the OPEB plan. The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement 45 that represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Additionally, since the net OPEB obligation does not arise out of a cash transaction, it is not recorded in the accompanying financial statements. The amount of the net OPEB obligation has not been determined.

Note 12. Pronouncements Issued But Not Yet Adopted

GASB Statement No. 73, *Accounting Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68,* will be effective for the District beginning with its year ending June 30, 2017, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for the District beginning with its year ending June 30, 2018. This statement will establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* will be effective for the District beginning with its year ended June 30, 2017. This Statement will establish rules on reporting by OPEB plans that administer benefits on behalf of governments.

Note 12. Pronouncements Issued But Not Yet Adopted (continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer),* will be effective for the District beginning with its year ending June 30, 2018. This statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the District beginning with its year ending June 30, 2017. This Statement requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB 14,* will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the District beginning with its year ended June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, will be effective for the District beginning with its year ended June 30, 2017. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Management has not determined the impact, if any, these Statements will have on the financial position and results of operations of the District.

Other Information

Oak Lawn-Hometown School District 123

Schedule of Employer Contributions
Illinois Municipal Retirement Fund

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	$ 560,910	$ 560,909	$ 1	$ 3,661,291	15.32%
2014	503,924	503,923	1	3,504,334	14.38%

Note to schedule: Detailed information and the summary of actuarial methods and assumptions used in the calculation of the contribution rate are available at the District's administrative offices

Oak Lawn-Hometown School District 123

Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund

Calendar Year Ended December 31,		**2015**
A. Total pension liability		
1. Service cost	$	399,171
2. Interest on the Total Pension Liability		1,316,189
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		364,896
5. Changes of assumptions		20,118
6. Benefit payments, including refunds of employee contributions		(1,099,569)
7. Net change in total pension liability		1,000,805
8. Total pension liability - beginning		17,946,308
9. Total pension liability - ending	**$**	**18,947,113**
B. Plan fiduciary net position		
1. Contributions - employer	$	560,909
2. Contributions - employee		169,011
3. Net investment income		76,870
4. Benefit payments, including refunds of employee contributions		(1,099,569)
5. Other (net transfer)		560,959
6. Net change in plan fiduciary net position		268,180
7. Plan fiduciary net position - beginning		15,558,919
8. Plan fiduciary net position - ending	$	15,827,099
C. Net pension liability	**$**	**3,120,014**
D. Plan fiduciary net position as a percentage of total pension liability		83.53%
E. Covered Valuation payroll	**$**	**3,661,291**
F. Net pension liability as a percentage of covered valuation payroll		85.22%

Note to schedule: Detailed information and actuarial assumptions used in the preparation of this schedule are available at the District's administrative offices and at https://www.imrf.org/en/employers/employer-resources/reports-for-employers

Oak Lawn-Hometown School District 123

Schedule of Employer Contributions
Teachers' Retirement System of the State of Illinois
Fiscal Year 2016

Contractually-required contribution	$	115,905
Contributions in relation to the contractually-required contribution		116,355
Contribution deficiency (excess)	$	(450)
Employer's covered-employee payroll		19,983,628
Contributions as a percentage of covered-employee payroll		0.58%

Schedule of the Employer's Proportionate Share of the Net Pension Liability
Teachers' Retirement System of the State of Illinois
Fiscal Year 2016

Employer's proportion of the net pension liability		0.0056715182%
Employer's proportionate share of the net pension liability	$	3,715,416
State's proportionate share of the net pension liability assoicated with the employer		125,158,100
Total	$	128,873,516
Employer's covered-employee payroll		19,983,628
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		18.59%
Plan fiduciary net position as a percentage of the total pension liability		41.50%

Note to schedule: Detailed information and actuarial methods and assumptions used in the preparation of this schedule can be obtained at
http://trs.illinois.gov/employers/bulletins/2015Rept.pdf

Supplementary Information

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
General Fund
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	$ 24,153,100	$ 22,611,844	$ (1,541,256)
Corporate property replacement taxes	448,800	413,194	(35,606)
Charges for services	1,657,500	1,840,734	183,234
Unrestricted state aid	3,530,000	3,554,687	24,687
Restricted state aid	1,215,000	1,473,827	258,827
Restricted federal aid	2,275,700	2,009,632	(266,068)
Interest	151,200	159,615	8,415
Total revenues	33,431,300	32,063,533	(1,367,767)
Expenditures:			
Current:			
Instruction:			
Regular programs	16,846,550	16,781,168	65,382
Special programs	3,113,640	3,172,201	(58,561)
Other instructional programs	993,100	1,088,757	(95,657)
Support services:			
Pupils	2,517,600	2,584,470	(66,870)
Instructional staff	1,549,210	1,578,555	(29,345)
General administration	1,105,400	1,193,025	(87,625)
School administration	1,645,050	1,672,796	(27,746)
Business	1,496,800	1,337,643	159,157
Operations and maintenance	2,691,200	2,576,177	115,023
Central	114,200	84,720	29,480
Community services	91,600	91,830	(230)
Payments to other governments	1,426,300	1,195,907	230,393
Capital outlay	567,900	811,180	(243,280)
Debt service:			
Principal	-	204,426	(204,426)
Interest and fees	-	39,598	(39,598)
Total expenditures	34,158,550	34,412,453	(253,903)
Excess (deficiency) of revenues over (under) expenditures	(727,250)	(2,348,920)	(1,621,670)
Other financing sources (uses):			
Bond issuance	-	900,000	900,000
Transfer in	2,710,000	-	(2,710,000)
Transfer out	(170,100)	6,000,000	6,170,100
Change in fund balance	$ 1,812,650	4,551,080	$ 4,548,430
Fund balance:			
July 1, 2015		9,137,036	
June 30, 2016		$ 13,688,116	

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis
Transportation Fund
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	$ 2,854,800	$ 4,393,054	$ 1,538,254
Restricted state aid	454,400	635,437	181,037
Interest	7,900	38,048	30,148
Total revenues	3,317,100	5,066,539	1,749,439
Expenditures:			
Current:			
Support services:			
Transportation	1,444,800	1,473,973	(29,173)
Excess of revenues over expenditures	1,872,300	3,592,566	1,720,266
Other financing sources:			
Transfer in	(2,710,000)	(6,000,000)	(3,290,000)
Change in fund balance	$ (837,700)	(2,407,434)	$ (1,569,734)
Fund balance:			
July 1, 2015		3,271,560	
June 30, 2016		$ 864,126	

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Debt Service Fund
Year Ended June 30, 2016

	Final Budget	Actual	Variance
Revenues:			
Property taxes	$ 5,835,100	$ 6,353,482	$ 518,382
Interest	33,900	48,568	14,668
Total revenues	5,869,000	6,402,050	533,050
Expenditures:			
Debt service:			
Principal	3,040,000	5,413,782	(2,373,782)
Interest and fees	3,000,000	693,202	2,306,798
Total expenditures	6,040,000	6,106,984	(66,984)
Excess (deficiency) of revenues over (under) expenditures	(171,000)	295,066	466,066
Other financing sources:			
Transfer in	85,100	-	(85,100)
Change in fund balance	$ (85,900)	295,066	$ 380,966
Fund balance:			
July 1, 2015		3,633,095	
June 30, 2016		$ 3,928,161	

Oak Lawn-Hometown School District 123

Combining Balance Sheet - Modified Cash Basis
General Fund, by Accounts
June 30, 2016

	Educational Account	Operations and Maintenance Account	Tort Account	Working Cash Account	Total
Assets					
Cash and investments	$ 857,627	$ 1,667,433	$ -	$ 10,637,427	$ 13,162,487
Due from other funds	827,398	9,180	-	-	836,578
Total assets	$ 1,685,025	$ 1,676,613	$ -	$ 10,637,427	$ 13,999,065
Liabilities and Fund Balance					
Liabiltiies:					
Payroll liabilities	$ 50,803	$ 1,657	$ -	$ -	$ 52,460
Due to other funds	-	201,978	56,511	-	258,489
Total liabilities	50,803	203,635	56,511	-	310,949
Fund balances:					
Working cash	-	-	-	-	-
Tort immunity	-	-	-	-	-
Unassigned	1,634,222	1,472,978	(56,511)	10,637,427	13,688,116
Total fund balance	1,634,222	1,472,978	(56,511)	10,637,427	13,688,116
Total liabilities and fund balance	$ 1,685,025	$ 1,676,613	$ -	$ 10,637,427	$ 13,999,065

Oak Lawn-Hometown School District 123

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Modified Cash Basis
General Fund, by Accounts
Year Ended June 30, 2016

	Educational Account		Operations and Maintenance Account		Tort Account		Working Cash Account		Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Property taxes	$ 21,512,600	$ 19,433,505	$ 2,167,700	$ 2,690,121	$ 465,900	$ 479,868	$ 6,900	$ 8,350	$ 24,153,100	$ 22,611,844
Corporate property replacement taxes	-	-	448,800	413,194	-	-	-	-	448,800	413,194
Charges for services	812,900	997,938	844,600	842,796	-	-	-	-	1,657,500	1,840,734
Unrestricted state aid	3,530,000	3,554,687	-	-	-	-	-	-	3,530,000	3,554,687
Restricted state aid	1,215,000	1,473,827	-	-	-	-	-	-	1,215,000	1,473,827
Restricted federal aid	2,275,700	2,009,632	-	-	-	-	-	-	2,275,700	2,009,632
Interest	54,300	38,599	9,500	12,180	(500)	(2,529)	87,900	111,365	151,200	159,615
Total revenues	29,400,500	27,508,188	3,470,600	3,958,291	465,400	477,339	94,800	119,715	33,431,300	32,063,533
Expenditures:										
Current:										
Instruction:										
Regular programs	16,846,550	16,781,168	-	-	-	-	-	-	16,846,550	16,781,168
Special programs	3,113,640	3,172,201	-	-	-	-	-	-	3,113,640	3,172,201
Other instructional programs	993,100	1,088,757	-	-	-	-	-	-	993,100	1,088,757
Support services:										
Pupils	2,517,600	2,584,470	-	-	-	-	-	-	2,517,600	2,584,470
Instructional staff	1,549,210	1,578,555	-	-	-	-	-	-	1,549,210	1,578,555
General administration	629,800	708,155	-	-	475,600	484,870	-	-	1,105,400	1,193,025
School administration	1,645,050	1,672,796	-	-	-	-	-	-	1,645,050	1,672,796
Business	1,349,000	1,188,485	147,800	149,158	-	-	-	-	1,496,800	1,337,643
Operations and maintenance	-	-	2,691,200	2,576,177	-	-	-	-	2,691,200	2,576,177
Central	114,200	84,720	-	-	-	-	-	-	114,200	84,720
Community services	91,600	91,830	-	-	-	-	-	-	91,600	91,830
Payments to other governments	1,426,300	1,195,907	-	-	-	-	-	-	1,426,300	1,195,907
Capital outlay	556,100	589,439	11,800	221,741	-	-	-	-	567,900	811,180
Debt service:										
Principal	350,000	110,565	-	93,861	-	-	-	-	350,000	204,426
Interest and fees	-	-	-	29,884	-	-	-	9,714	-	39,598
Total expenditures	31,182,150	30,847,048	2,850,800	3,070,821	475,600	484,870	-	9,714	34,508,550	34,412,453
Excess (deficiency) of revenues over (under) expenditures	(1,781,650)	(3,338,860)	619,800	887,470	(10,200)	(7,531)	94,800	110,001	(1,077,250)	(2,348,920)
Other financing sources (uses):										
Bond issuance	-	-	-	-	-	-	-	900,000	-	900,000
Transfer in	2,710,000	6,000,000	-	-	-	-	-	-	2,710,000	6,000,000
Transfer out	(85,100)	-	-	-	-	-	(85,000)	-	(170,100)	-
Total other financing sources (uses)	2,624,900	6,000,000	-	-	-	-	(85,000)	900,000	2,539,900	6,900,000
Change in fund balance	$ 843,250	2,661,140	$ 619,800	887,470	$ (10,200)	(7,531)	$ 9,800	1,010,001	$ 1,462,650	4,551,080
Fund balance (deficit):										
July 1, 2015		(1,026,918)		585,508		(48,980)		9,627,426		9,137,036
June 30, 2016		$ 1,634,222		$ 1,472,978		$ (56,511)		$ 10,637,427		$ 13,688,116

Oak Lawn-Hometown School District 123

Combining Balance Sheet - Modified Cash Basis - by Fund Type
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Fund	Capital Project Funds		
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ -	$ 911,792	$ 85,671	$ 997,463
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	$ 64,144	$ -	$ 2,838	$ 66,982
Total liabilities	64,144	-	2,838	66,982
Fund balances:				
Restricted for:				
Capital projects	-	911,792	82,833	994,625
Unassigned	(64,144)	-	-	(64,144)
Total fund balances	(64,144)	911,792	82,833	930,481
Total liabilities and fund balances	$ -	$ 911,792	$ 85,671	$ 997,463

Oak Lawn-Hometown School District 123

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Modified Cash Basis - by Fund Type
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue Fund	Capital Project Funds		
	Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	$ 1,035,043	$ -	$ 10,188	$ 1,045,231
Corporate property replacement taxes	12,472	-	-	12,472
Interest	1,467	10,427	1,176	13,070
Total revenues	1,048,982	10,427	11,364	1,070,773
Expenditures:				
Current:				
Instruction:				
Regular programs	214,253	-	-	214,253
Special programs	181,815	-	-	181,815
Other instructional programs	26,489	-	-	26,489
Support services:				
Pupils	107,467	-	-	107,467
Instructional staff	124,466	-	-	124,466
General administration	18,345	-	-	18,345
School administration	93,861	-	-	93,861
Business	83,456	-	-	83,456
Operations and maintenance	213,224	-	49,142	262,366
Central	12,028	-	-	12,028
Community services	5,042	-	-	5,042
Total expenditures	1,080,446	-	49,142	1,129,588
Change in fund balances	(31,464)	10,427	(37,778)	(58,815)
Fund balances:				
July 1, 2015	(32,680)	901,365	120,611	989,296
June 30, 2016	$ (64,144)	$ 911,792	$ 82,833	$ 930,481

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Municipal Retirement/Social Security Fund
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	$ 998,600	$ 1,035,043	$ 36,443
Corporate property replacement taxes	13,500	12,472	(1,028)
Interest	1,600	1,467	(133)
Total revenues	1,013,700	1,048,982	35,282
Expenditures:			
Current:			
Instruction:			
Regular programs	203,600	214,253	(10,653)
Special programs	175,700	181,815	(6,115)
Other instructional programs	31,300	26,489	4,811
Support services:			
Pupils	109,800	107,467	2,333
Instructional staff	120,000	124,466	(4,466)
General administration	17,800	18,345	(545)
School administration	94,200	93,861	339
Business	81,300	83,456	(2,156)
Operations and maintenance	209,300	213,224	(3,924)
Central	12,000	12,028	(28)
Community services	8,500	5,042	3,458
Total expenditures	1,063,500	1,080,446	(16,946)
Excess (deficiency) of revenues over (under) expenditures	$ (49,800)	(31,464)	$ 18,336
Other financing sources:			
Transfer in	85,100	-	(85,100)
Change in fund balance	$ 35,300	(31,464)	$ (66,764)
Fund balance:			
July 1, 2015		(32,680)	
June 30, 2016		$ (64,144)	

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Capital Projects Fund
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Interest	$ 9,500	$ 10,427	$ 927
Expenditures:			
Capital outlay	306,300	-	306,300
Change in fund balance	$ (296,800)	10,427	$ 307,227
Fund balance:			
July 1, 2015		901,365	
June 30, 2016		$ 911,792	

Oak Lawn-Hometown School District 123

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Modified Cash Basis
Fire Prevention and Safety Fund
Year Ended June 30, 2016

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes	$ 10,500	$ 10,188	$ (312)
Restricted State Aid	75,200	-	(75,200)
Interest	900	1,176	276
Total revenues	86,600	11,364	(75,236)
Expenditures:			
Support services:			
Operations and maintenance	59,600	49,142	10,458
Total expenditures	59,600	49,142	10,458
Change in fund balance	$ 27,000	(37,778)	$ (64,778)
Fund balance:			
July 1, 2015		120,611	
June 30, 2016		$ 82,833	

Oak Lawn-Hometown School District 123

Schedule of Assessed Valuations, Tax Rates, Extensions and Collections
Last Five Years

	Tax Year				
	2015	2014	2013	2012	2011
Assessed Valuations	$ 596,328,334	$ 613,838,296	$ 658,739,617	$ 699,016,231	$ 761,320,023
Tax Rates:					
General Fund:					
Educational Accounts:					
Standard	3.0233	2.8518	3.1650	3.2740	2.8370
Special Education	0.3709	0.3259	0.3680	0.0191	0.0178
Operations and Main-tenance Accounts	0.4515	0.4480	0.2208	0.4014	0.3281
Tort Account	0.0807	0.0792	0.0295	0.0730	0.0676
Working Cash Account	0.0008	0.0016	0.0002	0.0015	0.0013
Fire Prevention and and Safety Fund	0.0008	0.0028	0.0002	0.0015	0.0013
Debt Service Fund	1.0843	1.0529	0.8756	0.8266	0.6339
Transportation Fund	0.7095	0.7565	0.2944	-	0.0994
Municipal Retirement/					
Social Secuirty Fund:					
Illinois Municipal Retirement	0.0725	0.0673	0.0765	0.0730	0.0676
Social Security	0.1064	0.1030	0.0765	0.0730	0.0676
Total	5.9007	5.6890	5.1067	4.7431	4.1216
Tax Extensions:					
General Fund:					
Educational Accounts:					
Standard	$ 18,028,794	$ 17,505,440	$ 20,849,108	$ 22,885,791	$ 21,598,534
Special Education	2,211,781	2,000,499	2,424,161	133,512	135,188
Operations and Main-tenance Accounts	2,692,422	2,749,995	1,454,497	2,805,851	2,498,265
Tort Account	481,236	486,159	194,328	510,281	515,000
Working Cash Account	4,770	9,821	1,317	10,485	10,006
Fire Prevention and and Safety Fund	4,770	17,187	1,317	10,485	10,006
Debt Service Fund	6,466,288	6,463,225	5,768,153	5,777,725	4,826,110
Transportation Fund	4,230,949	4,643,686	1,939,329	-	757,050
Municipal Retirement/					
Social Secuirty Fund:					
Illinois Municipal Retirement	432,338	413,113	503,935	510,281	515,000
Social Security	634,493	632,253	503,935	510,281	515,000
Totals	$ 35,187,841	$ 34,921,378	$ 33,640,080	$ 33,154,692	$ 31,380,159
Tax collection	$ 18,175,329	$ 34,378,629	$ 32,299,275	$ 32,586,957	$ 30,646,930
Percentage collected	51.65%	98.45%	96.01%	98.29%	97.66%

Oak Lawn-Hometown School District 123

Schedule of Debt Service Requirements
Year Ended June 30, 2016

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
Total outstanding debt	2017	$ 3,096,919	$ 3,827,211	$ 6,924,130
	2018	2,108,685	3,914,824	6,023,509
	2019	2,188,838	4,436,540	6,625,378
	2020	2,114,661	4,509,419	6,624,080
	2021	2,046,866	4,573,531	6,620,397
	2022	2,074,990	5,208,924	7,283,914
	2023	2,031,703	5,252,612	7,284,315
	2024	1,847,770	5,433,645	7,281,415
	2025	1,899,484	6,115,609	8,015,093
	2026	1,878,810	6,136,170	8,014,980
	2027	3,884,878	12,931,029	16,815,907
		25,173,604	62,339,514	87,513,118
Accreted value adjustment		24,764,606	(24,764,606)	-
		$ 49,938,210	$ 37,574,908	$ 87,513,118
Capital appreciation general				
obligation bond issue of	2017	$ 658,440	$ 1,591,560	$ 2,250,000
December 16, 2002	2018	602,955	1,647,045	2,250,000
Original amount $17,722,524	2019	598,752	1,841,248	2,440,000
Interest rate 9.00%	2020	548,292	1,891,708	2,440,000
Paying agent: Chase	2021	501,074	1,933,926	2,435,000
	2022	777,315	3,347,685	4,125,000
	2023	711,810	3,413,190	4,125,000
		4,398,638	15,666,362	20,065,000
Accreted value adjustment		10,074,063	(10,074,063)	-
		$ 14,472,701	$ 5,592,299	$ 20,065,000
Capital appreciation general				
obligation bond issue of	2017	$ 426,526	$ 878,474	$ 1,305,000
March 18, 2004	2018	392,083	917,917	1,310,000
Original amount $7,282,373	2019	445,364	1,179,636	1,625,000
Interest rate 9.00%	2020	407,843	1,217,157	1,625,000
Paying agent: Chase	2021	351,640	1,178,360	1,530,000
		2,023,456	5,371,544	7,395,000
Accreted value adjustment		4,492,846	(4,492,846)	-
		$ 6,516,302	$ 878,698	$ 7,395,000

Oak Lawn-Hometown School District 123

Schedule of Debt Service Requirements (continued)
Year Ended June 30, 2016

	Year Ending June 30,	Total Principal	Total Interest	Total Principal and Interest
Capital appreciation general				
obligation refunding	2017	$ 301,953	$ 693,047	$ 995,000
school bonds issue of	2018	263,647	726,353	990,000
October 15, 2007 (2007A)	2019	254,722	835,278	1,090,000
Original amount $5,973,126	2020	223,526	866,474	1,090,000
Interest rate 13.50%	2021	214,152	975,848	1,190,000
Paying agent: Amalgamated Bank	2022	267,675	1,427,325	1,695,000
	2023	234,893	1,460,107	1,695,000
	2024	707,770	5,112,230	5,820,000
	2025	699,484	5,855,516	6,555,000
	2026	613,810	5,941,190	6,555,000
	2027	1,104,878	12,805,122	13,910,000
		4,886,510	36,698,490	41,585,000
Accreted value adjustment		10,197,697	(10,197,697)	-
		$ 15,084,207	$ 26,500,793	$ 41,585,000
General obligation limited tax				
refunding school bonds issue of	2017	$ 410,000	$ 219,044	$ 629,044
October 15, 2007 (2007B)	2018	425,000	202,344	627,344
Original amount $8,265,000	2019	445,000	184,944	629,944
Interest rate 4.00% - 4.25%	2020	460,000	166,844	626,844
Paying agent: Amalgamated Bank	2021	480,000	148,044	628,044
	2022	500,000	128,131	628,131
	2023	520,000	107,094	627,094
	2024	540,000	85,231	625,231
	2025	565,000	62,441	627,441
	2026	585,000	38,356	623,356
	2027	610,000	12,963	622,963
		$ 5,540,000	$ 1,355,436	$ 6,895,436
General obligation limited tax				
school bonds issue of	2017	$ 400,000	$ 444,636	$ 844,636
October 15, 2007 (2007C)	2018	425,000	421,165	846,165
Original amount $10,385,000	2019	445,000	395,434	840,434
Interest rate 5.00% - 6.24%	2020	475,000	367,236	842,236
Paying agent: Amalgamated Bank	2021	500,000	337,353	837,353
	2022	530,000	305,783	835,783
	2023	565,000	272,221	837,221
	2024	600,000	236,184	836,184
	2025	635,000	197,652	832,652
	2026	680,000	156,624	836,624
	2027	2,170,000	112,944	2,282,944
		$ 7,425,000	$ 3,247,232	$ 10,672,232
General obligation limited tax				
school bonds issue of	2017	$ 900,000	$ 450	$ 900,450
June 14, 2016 (2016)				
Interest rate 0.06%				
Original amount $900,000				
Principal payable July 14, 2016				
Interest payable July 14, 2016				
Paying agent: PMA Securities				

Appendix 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 123, Cook County, Illinois (the *"District"*), in connection with the issuance of $___________ General Obligation Limited Refunding School Bonds, Series 2017A (the *"Series 2017A Bonds"*), and $___________ Taxable General Obligation Limited Refunding School Bonds, Series 2017B (the *"Series 2017B Bonds"* and, together with the Series 2017A Bonds, the *"Bonds"*). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 25th day of September, 2017 (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 (TABLE 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 October ____________, 2017, and relating to the Bonds.

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

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

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

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

State means the State of Illinois.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

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

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

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

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

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

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

SCHOOL DISTRICT NUMBER 123, COOK COUNTY, ILLINOIS

By ____________________________________
President, Board of Education

Date: _______________, 2017

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

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

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the District's fiscal year (currently June 30), beginning with the fiscal year ending June 30, 201_. 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

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

EXHIBIT III
CUSIP NUMBERS
SERIES 2017A BONDS

YEAR OF MATURITY	CUSIP NUMBER (214651)
2022	
2023	
2024	
2025	
2026	
2027	

SERIES 2017B BONDS

YEAR OF MATURITY	CUSIP NUMBER (214651)
2017	
2018	
2019	
2020	
2021	
2022	