

**Skokie/Morton Grove
School District No. 69
Skokie, Illinois**

Annual Financial Report

For the year ended
June 30, 2018

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Independent Auditor's Report

Board of Education
Skokie/Morton Grove School District No. 69
Skokie, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Skokie/Morton Grove School District No. 69, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Skokie/Morton Grove School District No. 69's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 Skokie/Morton Grove School District No. 69, as of June 30, 2018, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matter

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2018. Statement No. 75 expands disclosures related to postemployment benefits other than pensions. The adoption of this statement had no effect on any of the District's fund balances or the District's governmental activities modified cash basis net position as disclosed in Note 13. Our opinions are not modified with respect to this matter.

Basis of Accounting

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

Other Matters

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Skokie/Morton Grove School District No. 69's basic financial statements. The management's discussion and analysis as well as the supplemental information section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The management's discussion and analysis and supplemental information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The combining and individual fund financial statements and schedules are 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, 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of Skokie/Morton Grove School District No. 69's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Skokie/Morton Grove School District No. 69's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Klein Hall CPAs".

Klein Hall CPAs
Aurora, Illinois
December 12, 2018

Our discussion and analysis of the Skokie Elementary School District No. 69's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 9, and the Notes to the Financial Statements, which begin on page 18, to further enhance your understanding of the District's financial condition.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2017 by \$72,279,240 (net position).
- The District's total net position increased by \$5,884,812.
- The District increased its total long-term debt by \$7,318,368 for building construction purposes.
- At June 30, 2018, the District's governmental funds reported combined fund balances of \$43,430,035, a decrease of \$2,234,822 from the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For the governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as agent for the benefit of those outside the government.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the District's net position and changes in it. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. In order to assess the overall health of the District, you will need to consider other factors, such as the timing of the county tax billing cycles, and the basis of accounting. The two statements should show that the District has made significant strides and is dedicated to continuing its efforts to achieve and maintain financial health.

In the Statement of Net Position and the Statement of Activities, we report the District's Governmental activities. All of the District's services are reported here, including instructional services, support services, community services, and non-programmed charges. Property taxes, earnings on investments, fees, and state and federal grants finance most of these activities.

USING THIS ANNUAL REPORT (continued)

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 7. The fund financial statements begin on page 11 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- Governmental funds – All of the District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The District maintains its accounting records for all funds on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule in the financial statements.

The District as Trustee

The District is the trustee, or fiduciary, for its students and employees. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 17, and a Schedule of Changes in Assets and Liabilities on page 80. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are contained on pages 18 through 47.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information relating to the District's progress in funding its obligation to provide pension and other postemployment benefits to its employees, and other supplemental information that may be useful to the reader.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

THE DISTRICT AS A WHOLE

A condensed statement of net position as of June 30, 2018 and 2017, and statement of activities for the year ended June 30, 2018, is presented below.

Net Position	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 43,531,988	\$ 45,542,839
Capital Assets	52,822,573	37,384,571
Total Assets	96,354,561	82,927,410
Current Liabilities	101,953	(122,018)
Long-Term Debt Outstanding	23,973,368	16,655,000
Total Liabilities	24,075,321	16,532,982
Net Position		
Net Investment in Capital Assets	\$ 41,912,494	\$ 28,685,954
Restricted	21,276,228	33,626,892
Unrestricted	9,090,518	4,081,582
Total Net Position	\$ 72,279,240	\$ 66,394,428
Changes in Net Position		
<u>Receipts</u>		
Program Receipts		
Charges for Services	\$ 452,746	\$ 433,773
Operating Grants	8,438,457	11,129,827
General Receipts		
Property Taxes	24,987,437	21,995,177
Other Taxes	461,352	551,366
Earnings on Investments	1,040,781	936,025
Evidence Based Funding/ Former General State Aid	3,612,846	2,860,310
Other	215,698	1,297,459
Total Receipts	39,209,317	39,203,937
<u>Disbursements</u>		
Program Disbursements		
Instruction	\$ 18,734,786	\$ 21,836,608
Support Services	11,125,402	10,049,965
Community Services	160,984	139,053
Nonprogrammed Charges	877,472	-
Interest and Other Charges	1,004,040	413,982
Depreciation - Unallocated	1,421,821	1,360,914
Total Disbursements	33,324,505	33,800,522
Change in Net Position	5,884,812	5,403,415
Net Position- Beginning	66,394,428	60,991,013
Net Position- Ending	72,279,240	66,394,428

THE DISTRICT AS A WHOLE (continued)

Net position of the District's governmental activities increased by \$5,884,812. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$5,008,936 to \$9,090,518. This increase in unrestricted net assets arose primarily because of the District's operating surpluses.

THE DISTRICT'S FUNDS

At June 30, 2018, the District's governmental funds (as presented in the Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis on page 11) reported a combined fund balance of \$43,430,035, which is below last year's total of \$45,664,857. The primary reason for the governmental funds decrease is increased expenditures on capital projects.

General Fund Budgetary Highlights

The original July 1, 2017 to June 30, 2018 budget was approved by the Board of Education on September 19, 2017, and the amended budget was approved by the Board of Education on June 19, 2018. The budget is a general guide for the financial activity of the District.

- The General (Education) Fund actual direct receipts were more than the budgeted amount due to higher than expected payments to TRS on behalf of the District by the State and higher than expected state grant and reimbursement receipts.
- The General (Education) Fund actual direct disbursements were more than the budgeted amount due to higher than expected payments to TRS on behalf of the District by the State.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had \$52,822,573 invested in capital assets, including land, land improvements, buildings, and furniture and equipment, as shown below.

Capital Assets at Year End (Net of Depreciation)	Governmental Activities	
	2018	2017
Land and Improvements	\$ 887,351	\$ 926,635
Buildings	31,252,837	32,201,692
Furniture and Equipment	3,022,183	2,298,913
Construction-in-Progress	17,660,202	1,957,331
Totals	<u>\$ 52,822,573</u>	<u>\$ 37,384,571</u>

This year's major additions included on-going construction projects throughout the District, including the completion of building additions at Madison and Edison and interior renovations at Edison.

The District's fiscal year 2018-19 budget calls for it to spend \$11,000,000 for capital projects, principally for construction projects at Edison Elementary School.

See Notes 1 and 3 to the financial statements for additional information about changes in capital assets and depreciation.

SKOKIE ELEMENTARY SCHOOL DISTRICT NO. 69
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At June 30, 2018, the District had \$23,973,368 in long-term debt outstanding, as shown below.

Outstanding Debt at Year End	Governmental Activities	
	2018	2017
2010 Refunding Bonds	\$ 2,675,000	\$ 3,280,000
2012 Working Cash and Refunding Bonds	3,420,000	4,045,000
2017 Refunding Bonds	7,880,000	9,330,000
2018 GO Limited Tax Bonds	8,885,000	-
Unamortized Premium	1,113,368	-
Totals	<u>\$ 23,973,368</u>	<u>\$ 16,655,000</u>

During the year ended June 30, 2018, the District issued Debt Certificates and Refunding Bonds for construction purposes. This long-term debt issuance was assigned a bond rating of "Aa2" by Moody's Investors Service, Inc. The total amount of bonded indebtedness of the District is within its legal debt authority.

See Note 4 to the financial statements for additional information about long-term debt.

OTHER FINANCIAL MATTERS BEARING ON THE DISTRICT'S FUTURE

- The District continues to update and prioritize the Long-Range Facility Improvement Plan and looks to continue to make updates to the facilities as funding is available. As construction-related expenses are processed, the fund balance in the Capital Projects Fund is expected to be depleted. Future construction project funding sources will be reviewed carefully as prioritization will become critical.
- Business taxpayers have the choice of filing property tax appeals through either the Property Tax Appeals Board (PTAB) or the Cook County Circuit Court (tax court). Recent legislation provides the District the right to intervene in cases filed through PTAB for assessment adjustments over \$100,000 and those filed in the Circuit Court. The District will continue to exercise its legal right to reduce losses through property tax appeals.
- Concerns exist over potential legislative changes at both the State and Federal levels that could have a negative impact on revenue streams or expenditure structures. A statewide property tax freeze is concerning as property tax is the primary source of revenue for the District. Increases in employer contributions to retirement plans would add additional expense for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with an overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Justin Attaway, Business Manager, 5050 Madison Street, Skokie, IL 60077, 847-675-7666.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Net Position - Modified Cash Basis

June 30, 2018

	Governmental Activities
Assets	
Cash and investments	\$ 43,531,988
Capital assets not being depreciated	17,967,564
Capital assets (net of accumulated depreciation)	<u>34,855,009</u>
 Total Assets	 <u>96,354,561</u>
Liabilities	
Employee benefits payable	101,953
Noncurrent liabilities	
Due within one year	2,430,000
Due in more than one year	<u>21,543,368</u>
 Total Liabilities	 <u>24,075,321</u>
Net Position	
Net investment in capital assets	41,912,494
Restricted for	
Liability insurance	1,524,799
Student transportation	2,400,068
Employee retirement	998,232
Debt service	2,943,361
Capital projects	13,409,768
Unrestricted	<u>9,090,518</u>
 Total Net Position	 <u><u>\$ 72,279,240</u></u>

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Activities - Modified Cash Basis

Year Ended June 30, 2018

Functions	Expenses	Program Revenues		Net (Expenditures)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental Activities				
Instructional services				
Regular programs	\$ 9,511,073	\$ 170,893	\$ 1,510,834	\$ (7,829,346)
Special programs	2,106,892	-	379,468	(1,727,424)
Other instructional programs	1,305,473	-	-	(1,305,473)
State retirement contributions	5,811,348	-	5,811,348	-
Support services				
Pupils	1,768,090	-	-	(1,768,090)
Instructional staff	601,546	-	72,349	(529,197)
General administration	885,229	-	-	(885,229)
School administration	1,141,195	-	-	(1,141,195)
Business	1,885,944	145,363	363,669	(1,376,912)
Operation and maintenance of facilities	2,113,029	20,000	-	(2,093,029)
Transportation	1,146,275	116,490	300,789	(728,996)
Central	1,584,094	-	-	(1,584,094)
Community services	160,984	-	-	(160,984)
Nonprogrammed charges	877,472	-	-	(877,472)
Interest on long-term liabilities	1,004,040	-	-	(1,004,040)
Depreciation - unallocated	1,421,821	-	-	(1,421,821)
Total school district	\$ 33,324,505	\$ 452,746	\$ 8,438,457	(24,433,302)

General revenues

Property taxes levied for	
General purposes	17,843,662
Transportation	2,901,834
Retirement	775,058
Debt service	3,466,883
Personal property replacement taxes	461,352
State aid formula grants	3,612,846
Earnings on investments	1,040,781
Miscellaneous	215,698
Total general revenues	30,318,114

Change in net position 5,884,812

Net position - beginning 66,394,428

Net position - ending \$ 72,279,240

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis

Governmental Funds

June 30, 2018

	General	Transportation
ASSETS		
Cash and investments	\$ 23,780,559	\$ 2,400,068
TOTAL ASSETS	\$ 23,780,559	\$ 2,400,068
LIABILITIES AND FUND BALANCES		
Liabilities		
Employee benefits payable	\$ 101,953	\$ -
Total Liabilities	101,953	-
Fund Balances		
Restricted		
Liability insurance	1,524,799	-
Student transportation	-	2,400,068
Employee retirement	-	-
Debt service	-	-
Capital projects	-	-
Unassigned	22,153,807	-
Total Fund Balances	23,678,606	2,400,068
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,780,559	\$ 2,400,068

See accompanying notes to basic financial statements

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,943,361	\$ 13,063,289	\$ 1,344,711	\$ 43,531,988
\$ 2,943,361	\$ 13,063,289	\$ 1,344,711	\$ 43,531,988
\$ -	\$ -	\$ -	\$ 101,953
-	-	-	101,953
-	-	-	1,524,799
-	-	-	2,400,068
-	-	998,232	998,232
2,943,361	-	-	2,943,361
-	13,063,289	346,479	13,409,768
-	-	-	22,153,807
2,943,361	13,063,289	1,344,711	43,430,035
\$ 2,943,361	\$ 13,063,289	\$ 1,344,711	\$ 43,531,988

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Reconciliation of the Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
of Governmental Funds to the Statement of Net Position - Modified Cash Basis
June 30, 2018

Total fund balances - modified cash basis - governmental funds \$ 43,430,035

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

Capital assets used in governmental activities are not financial resources, and therefore,
are not reported in the funds. The cost of the assets is \$74,598,875 and the accumulated
depreciation is \$21,776,302. 52,822,573

Long-term liabilities, including bonds payable, are not due and payable in the current period
and therefore are not reported in the funds.

Bonds outstanding	(22,860,000)
Premium on bonds outstanding	<u>(1,113,368)</u>

Net position - modified cash basis of governmental activities \$ 72,279,240

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Revenues Received, Expenditures Disbursed and Changes
in Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2018

	General	Transportation
REVENUES RECEIVED		
Local sources		
Property taxes	\$ 17,613,534	\$ 2,901,834
Charges for services	316,256	116,490
Other	1,259,901	111,984
State sources	10,388,795	300,789
Federal sources	1,361,719	-
Total Revenues Received	30,940,205	3,431,097
EXPENDITURES DISBURSED		
Current operating		
Instruction	18,456,693	-
Supporting services	8,862,608	1,136,600
Community services	150,515	-
Non-programmed charges	877,472	-
Capital outlay	1,156,952	-
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures Disbursed	29,504,240	1,136,600
Excess (deficiency) of revenues received over expenditures disbursed	1,435,965	2,294,497
OTHER FINANCING SOURCES (USES)		
Transfer in	2,000,000	-
Transfer out	(1,553,465)	(2,000,000)
Proceeds on long-term debt issued	-	-
Premium on bonds issued	-	-
Total other financing sources (uses)	446,535	(2,000,000)
Net change in fund balance	1,882,500	294,497
Fund Balances at beginning of year	21,796,106	2,105,571
FUND BALANCES AT END OF YEAR	\$ 23,678,606	\$ 2,400,068

See accompanying notes to basic financial statements

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,466,883	\$ -	\$ 1,005,186	\$ 24,987,437
-	-	-	432,746
69,302	258,788	37,856	1,737,831
-	-	-	10,689,584
-	-	-	1,361,719
3,536,185	258,788	1,043,042	39,209,317
-	-	278,093	18,734,786
-	756,991	369,203	11,125,402
-	-	10,469	160,984
-	-	-	877,472
-	15,702,871	-	16,859,823
12,505,000	-	-	12,505,000
1,004,040	-	-	1,004,040
13,509,040	16,459,862	657,765	61,267,507
(9,972,855)	(16,201,074)	385,277	(22,058,190)
-	1,500,000	53,465	3,553,465
-	-	-	(3,553,465)
8,885,000	9,825,000	-	18,710,000
1,113,368	-	-	1,113,368
9,998,368	11,325,000	53,465	19,823,368
25,513	(4,876,074)	438,742	(2,234,822)
2,917,848	17,939,363	905,969	45,664,857
\$ 2,943,361	\$ 13,063,289	\$ 1,344,711	\$ 43,430,035

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Reconciliation of the Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances - Modified Cash Basis of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances - modified cash basis - total governmental funds \$ (2,234,822)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	16,859,823
Depreciation expense	(1,421,821)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Repayment of bond principal	12,505,000
Issuance of bonds	(18,710,000)
Premium on bond issuance	<u>(1,113,368)</u>

Change in net position - modified cash basis of governmental activities \$ 5,884,812

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Fiduciary Assets and Liabilities

Agency Fund - Activity Funds

Year Ended June 30, 2018

Assets

Cash	\$ 96,169
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Liabilities

Due to student groups	38,413
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Due to employees	57,756
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Total liabilities	\$ 96,169
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See accompanying notes to basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. The Reporting Entity

The Skokie/Morton Grove School District No. 69 (the "District") is governed by the District's Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District includes all funds of its governmental operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds and account groups of the District as there are no other organizations for which it has financial accountability.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

b. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position-modified cash basis and the statement of activities-modified cash basis) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are generally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

c. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities financial statements incorporate data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

e. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

General Fund – This fund is the District's primary operating fund. It is comprised of four subfunds: the Educational Account, the Operations and Maintenance Account, the Tort Immunity Account, and the Working Cash Account. These subfunds account for activities that are not specifically accounted for in another fund.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures, which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

Transportation Fund – This special revenue fund accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following nonmajor governmental funds:

Municipal Retirement/Social Security Fund – This special revenue fund accounts for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes.

Fire Prevention and Safety Fund – The Fire Prevention and Safety Fund accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures.

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

The District reports the following fiduciary funds:

Agency Funds - The Agency Funds include Student Activity Funds and Convenience Accounts. They account for assets held by the District as agent for the students, teachers and other organizations. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. *Basis of accounting* refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

1. *Measurement Focus*

In the government-wide statement of net position-modified cash basis and statement of activities-modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) are generally reported within the limitations of the modified cash basis of accounting.

Governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The agency funds and nonexpendable trust funds are custodial in nature and do not involve the measurement of results of operations. Therefore, they do not have a measurement focus.

2. *Basis of Accounting*

The financial statements are presented on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include capital assets and related depreciation and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, certain other economic assets and liabilities that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Assets, Liabilities, and Net Position/Fund Balance

1. Deposits and Investments

Under Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- Illinois Funds and Illinois School District Liquid Asset Funds. (State sponsored investment pools).
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

Investments are stated at cost, which approximates market value. Gains or losses, if any, on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

2. Capital Assets

The District's modified cash basis of accounting reports capital assets (land, buildings and equipment) resulting from cash transactions or certain events and reports depreciation, when appropriate. The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements.

Capital assets reported in the government-wide financial statements are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition cost at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position-modified cash basis. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets	Depreciation Method	Estimated Useful Life
Land Improvements	Straight Line	20 Years
Buildings	Straight Line	50 Years
Furniture and Equipment	Straight Line	10 Years

3. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position-modified cash basis. Bond premiums and discounts, as well as gains (losses) on refundings, are deferred and amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred inflows (outflows) of resources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

4. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

5. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

6. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balances classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may, by resolution, authorize an individual to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

g. Revenues

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

2. Property Taxes

The District's property taxes levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2017 Levy was passed by the Board on December 19, 2017. Property taxes attach as an enforceable lien on property as of January 1, of the levy year, and are payable in two installments on approximately March 1, and September 1, of the year subsequent to the levy year. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded on these financial statements are from the 2017 and 2016 tax levy years.

The following are the tax rate limits permitted by the School Code, and by local referendum, and the actual rates levied per \$100 of assessed valuation.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Actual	
	2017	2016
	Levy	Levy
Educational	\$ 3.2216	\$ 2.9767
Tort Immunity	0.0358	0.0360
Special Education	0.3992	0.3402
Operations and Maintenance	0.5490	0.4678
Bond and Interest	0.7964	0.7805
Transportation	0.4669	0.8779
Municipal Retirement	0.0740	0.0660
Social Security	0.1134	0.1032
Fire Prevention and Safety	0.0998	0.0048
Working Cash	0.0499	0.0425
	<u>\$ 5.8060</u>	<u>\$ 5.6956</u>

3. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement/Social Security Fund with the balance allocated to funds at the discretion of the District.

h. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for note disclosure purposes, information about the fiduciary net positions of the Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF), together "the Plans," and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts disclosed in accordance with GASB Statement No. 68 are not reported in the financial statements due to reporting on the basis of accounting described above.

i. Other post-employment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and other post-employment benefit expense for note disclosure purposes, information about the fiduciary net position of the Teachers Health Insurance Security Fund (THIS) and additions to/deductions from the THIS's fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts disclosed in accordance with GASB Statement No. 75 are not reported in the financial statements due to reporting on the basis of accounting described above.

2. CASH AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be 102 percent secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's Board of Education, along with the Township Treasurer, approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certificates provided by financial institutions.

Cash in Bank

The District maintains an Imprest Checking account for minor current cash needs. At June 30, 2018, the carrying amount of the District's Imprest deposit account was \$2,500; the bank balance was \$1,507. This deposit account is categorized in accordance with risk factors created by governmental reporting standards. At June 30, 2018, the entire amount of this deposit account was covered by federal depository insurance.

The District is the trustee, or fiduciary, for its students and employees. The Fiduciary fund is used to report student activity and employees' flexible benefits accounts. At June 30, 2018, the deposits in the student activity and employees flexible benefits accounts had a carrying amount of \$38,413 and \$57,756, respectively, and the bank balances were \$38,738 and \$57,756, respectively. At June 30, 2018, the entire amount of these deposit accounts was covered by federal depository insurance.

Cash and Investments in Custody of Township Treasurer

The District, along with all other School Districts within the Township, through the Township Treasurer, maintains common checking accounts and investments for all the District's funds combined with the individual fund balances being maintained by the Township Treasurer. The District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Sections 235/2 and 235/6, and Chapter 105, Section 5/8-7. All investments, which include Certificates of Deposit and United States Treasury Obligations, are stated at cost, which approximates market value. At June 30, 2018, all of the District's Certificate of Deposit investments were either covered by Federal Depository Insurance or fully collateralized. Earnings on investments are allocated to the District based on average balances and are distributed to the District on a monthly basis. At June 30, 2018, the carrying amount of the District's cash and investments was \$43,529,488. All of the cash and investments are maintained by the Niles Township Schools Treasurer in pooled accounts.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

3. CAPITAL ASSETS

A summary of changes in capital assets follows:

	July 1, 2017	Additions	Deletions	June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 307,362	\$ -	\$ -	\$ 307,362
Construction-in-Progress	1,957,331	15,702,871	-	17,660,202
Total capital assets not being depreciated	2,264,693	15,702,871	-	17,967,564
Capital assets, being depreciated:				
Land improvements	950,614	-	-	950,614
Buildings and Improving	47,442,775	-	-	47,442,775
Equipment	7,080,970	1,156,952	-	8,237,922
Total capital assets being depreciated	55,474,359	1,156,952	-	56,631,311
Accumulated depreciation for:				
Land improvements	331,341	39,284	-	370,625
Buildings	15,241,083	948,855	-	16,189,938
Equipment and vehicles	4,782,057	433,682	-	5,215,739
Total accumulated depreciation	20,354,481	1,421,821	-	21,776,302
Total capital assets being depreciated, net	35,119,878	(264,869)	-	34,855,009
Total capital assets, net	\$ 37,384,571	\$ 15,438,002	\$ -	\$ 52,822,573

Depreciation was not charged to any specific function.

4. GENERAL LONG-TERM DEBT*Changes in General Long-Term Debt*

	Balance July 1, 2017	Proceeds	Retired/ Defeased	Balance June 30, 2018	Amount Due Within One Year
2010 Refunding Bonds	\$ 3,280,000	\$ -	\$ 605,000	\$ 2,675,000	\$ 625,000
2012 Working Cash Fund and Refunding Bonds	4,045,000	-	625,000	3,420,000	640,000
2017-A Refunding Bonds	8,315,000	-	435,000	7,880,000	1,165,000
2017-B Refunding Bonds	1,015,000	-	1,015,000	-	-
2018 GO Limited Tax Bonds	-	8,885,000	-	8,885,000	-
Premium on Bonds	-	1,113,368	-	1,113,368	-
2017 Debt Certificates	-	9,825,000	9,825,000	-	-
Total Long-Term Debt	\$ 16,655,000	\$ 19,823,368	\$ 12,505,000	\$ 23,973,368	\$ 2,430,000

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

4. GENERAL LONG-TERM DEBT (Continued)*Cash Flow Requirements*

At June 30, 2018, the annual cash flow requirements of Bond Principal and Interest were as follows:

	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010 Refunding Bonds,					
Original Issue of \$5,575,000	2019	4.00%	\$ 625,000	\$ 94,500	\$ 719,500
Dated December 2, 2010	2020	4.00%	660,000	68,800	728,800
	2021	4.00%	680,000	42,000	722,000
	2022	4.00%	710,000	14,200	724,200
			<u>\$ 2,675,000</u>	<u>\$ 219,500</u>	<u>\$ 2,894,500</u>
Amount Available in Debt service Fund					344,422
Amount to be Provided in the Future					<u>\$ 2,550,078</u>
2012 Working Cash Fund					
and Refunding Bonds,	2019	3.00%	\$ 640,000	\$ 93,000	\$ 733,000
Original Issue of \$9,315,000	2020	3.00%	665,000	73,425	738,425
Dated March 12, 2012	2021	3.00%	685,000	53,175	738,175
	2022	3.00%	705,000	32,325	737,325
	2023	3.00%	725,000	10,875	735,875
			<u>\$ 3,420,000</u>	<u>\$ 262,800</u>	<u>\$ 3,682,800</u>
Amount Available in Debt Service Fund					440,345
Amount to be Provided in the Future					<u>\$ 3,242,455</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

4. GENERAL LONG-TERM DEBT (Continued)

	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2017-A Refunding Bonds,					
Original Issue of \$8,315,000	2019	4.00%	\$ 1,165,000	\$ 291,900	\$ 1,456,900
Dated January 24, 2017	2020	4.00%	1,120,000	246,200	1,366,200
	2021	4.00%	835,000	207,100	1,042,100
	2022	4.00%	910,000	172,200	1,082,200
	2023	4.00%	985,000	134,300	1,119,300
	2024	4.00%	1,835,000	77,900	1,912,900
	2025	4.00%	1,030,000	20,600	1,050,600
			<u>\$ 7,880,000</u>	<u>\$ 1,150,200</u>	<u>\$ 9,030,200</u>
Amount Available in Debt service Fund					1,014,597
Amount to be Provided in the Future					<u>\$ 8,015,603</u>

	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018 GO Limited Tax Bonds					
Original Issue of \$8,885,000	2019		\$ -	\$ 330,196	\$ 330,196
Dated January 24, 2018	2020		-	387,200	387,200
	2021		-	387,200	387,200
	2022		-	387,200	387,200
	2023		-	387,200	387,200
	2024		-	387,200	387,200
	2025		-	387,200	387,200
	2026	4.00%	815,000	387,200	1,202,200
	2027	4.00%	890,000	354,600	1,244,600
	2028	5.00%	960,000	319,000	1,279,000
	2029	5.00%	1,065,000	271,000	1,336,000
	2030	5.00%	1,155,000	217,750	1,372,750
	2031	4.00%	1,245,000	160,000	1,405,000
	2032	4.00%	1,335,000	110,200	1,445,200
	2033	4.00%	1,420,000	56,800	1,476,800
			<u>\$ 8,885,000</u>	<u>\$ 4,529,946</u>	<u>\$ 13,414,946</u>
Amount Available in Debt service Fund					1,143,997
Amount to be Provided in the Future					<u>\$ 12,270,949</u>

Debt Limit

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including tax anticipation warrants and the installment contracts, to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit for the District was \$29,781,716 providing a debt margin of \$9,865,077 after taking into account amounts available in the Debt Service Fund.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

5. LEASE OBLIGATION

The District leases certain office equipment under an operating lease expiring in fiscal year 2021. Lease payments made under this operating lease for the year ended June 30, 2018 were \$91,736. The minimum future rental payments under this non-cancelable operating lease, in the aggregate are:

Year Ending June 30,	Amount
2019	\$ 83,193
2020	83,193
2021	13,866
	<u>\$ 180,252</u>

6. EMPLOYEE RETIREMENT SYSTEMS

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

a. Teachers' Retirement System of the State of Illinois (TRS)*Plan Description*

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

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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% of final average salary up to a maximum of 75% 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.

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The State of Illinois makes employer pension contributions on-behalf of the District. For the year ended June 30, 2018, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$5,658,651 in pension contributions from the State of Illinois.

2.2 formula contributions. The District contributes 0.58% of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2018 were \$75,055, and are deferred because they were paid after the June 30, 2017 measurement date.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

For the year ended June 30, 2018, the employer pension contribution was 10.10% of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$255,731 were paid from the federal and special trust funds that required employer contributions of \$25,829. These contributions are deferred because they were paid after the June 30, 2017 measurement date.

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 District is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District was not required to remit any contributions to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% 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, 2018, the District paid \$1,302 for salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for State pension support provided to the District. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 2,679,827
State's proportionate share of the net pension liability associated with the District	88,671,492
Total	<u><u>\$ 91,351,319</u></u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.00351%, which was an increase of 0.00028% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$5,658,651 and revenue of \$5,658,651 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 29,106	\$ 1,237
Changes in assumptions	178,859	77,006
Net difference between projected and actual earnings on pension plan investments	1,838	-
Changes in proportion and differences between District contributions and proportionate share of contributions	264,808	75,986
District contributions subsequent to the measurement date	102,186	-
Total	<u>\$ 576,797</u>	<u>\$ 154,229</u>

\$102,186 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 53,921
2019	137,939
2020	104,558
2021	20,886
2022	3,078
Thereafter	-
Total	<u>\$ 320,382</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by amount of service credit
Investment rate of return	7.00%, net of pension investment expense, Including inflation
Mortality	RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
	<u>100.0%</u>	

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0%, which was a change from the June 30, 2016 rate of 6.83%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 3,292,517	\$ 2,679,827	\$ 2,177,982

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS Comprehensive Annual Financial Report.

b. Illinois Municipal Retirement Fund (IMRF)

Plan Description and Benefits

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), and agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

That report may be obtained online at www.imrf.org.

All employees (other than those covered by TRS) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	206
Active employees	86
Total	<u>364</u>

Contributions

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actual contribution rates for calendar years 2017 and 2018 were 7.48% and 7.23% of covered payroll, respectively. The District contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Actuarial Assumptions*

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Price inflation	2.50%
Salary increases	3.39% to 14.25%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table (for non-disabled retirees), RP-2014 Disabled Retirees Mortality Table (for disabled retirees), and RP-2014 Employee Mortality Table (for active employees), with adjustments to match current IMRF experience.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37.0%	6.85%
International Equity	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternative Investments	7.0%	2.65-7.35%
Cash Equivalents	1.0%	2.25%
	<u>100.0%</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Discount Rate*

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 9,523,986	\$ 9,053,389	\$ 470,597
Changes for the year:			
Service Cost	278,617	-	278,617
Interest on the Total Pension Liability	703,840	-	703,840
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	289,944	-	289,944
Changes of Assumptions	(350,661)	-	(350,661)
Contributions - Employer	-	217,305	(217,305)
Contributions - Employees	-	130,731	(130,731)
Net Investment Income	-	1,587,412	(1,587,412)
Benefit Payments, including Refunds of Employee Contributions	(557,524)	(557,524)	-
Other (Net Transfer)	-	(101,899)	101,899
Net Changes	364,216	1,276,025	(911,809)
Balances at December 31, 2017	\$ 9,888,202	\$ 10,329,414	\$ (441,212)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liabilities of the District, calculated using the discount rate, as well as what the District's net pension liabilities would be if they were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 681,764	\$ (441,212)	\$ (1,369,728)

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

For the year ended June 30, 2018, the District recognized pension expense of \$563,118. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 171,925	\$ -
Changes in assumptions	-	203,405
Net difference between projected and actual earnings on pension plan investments	296,376	736,068
Contributions subsequent to the measurement date	124,040	-
Total	\$ 592,341	\$ 939,473

\$124,040 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (51,816)
2019	(62,513)
2020	(172,826)
2021	(184,017)
2022	-
Thereafter	-
Total	<u>\$ (471,172)</u>

7. OTHER POSTEMPLOYMENT BENEFITS

The District has evaluated its potential other postemployment benefits liability for employees participating in IMRF. The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, no former IMRF employees have chosen to stay in the District's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the District had no former employees for which the District was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the District has not recorded any postemployment benefit liability as of June 30, 2018.

a. Teachers Health Insurance Security Fund (THIS)*Plan Description*

The District participates in the THIS. The THIS is a cost-sharing, multiple-employer defined benefit post-employment healthcare plan (OPEB) that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. The THIS members are retirees of public schools who were certified educators or administrators. Eligibility is currently limited to former full-time employees, and others who were not full-time employees that meet certain requirements, and their dependents. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5) (SEGIA) establishes the eligibility and benefit provisions of the plan.

The THIS issues a publicly available financial report that can be obtained at the website of the Illinois Auditor General: <https://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".

Benefits Provided

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

System (TRS). Annuitants not enrolled in Medicare may participate in the state administered participating provider option plan or choose from several managed care options. Annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

Amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS.

Contributions

The SEGIA requires that all active contributors to the TRS, who are not employees of a department, make contributions to the plan at a rate of 1.18% of salary and for every employer of a teacher to contribute an amount equal to 0.88% of each teacher's salary. Additionally, the SEGIA requires the State to match the employees contribution on-behalf of the employer. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the THIS, an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year.

The SEGIA requires that the Department's Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

On-behalf contributions to THIS. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.18% of pay during the year ended June 30, 2018. State of Illinois contributions were \$152,697, and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.88% during the year ended June 30, 2018. For the year ended June 30, 2018, the District paid \$113,876 to the THIS Fund, which was 100 percent of the required contribution.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net OPEB liability. The State's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$	14,151,649
State's proportionate share of the net OPEB liability		
associated with the District		18,584,631
Total	\$	<u>32,736,280</u>

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Notes to Financial Statements

June 30, 2018

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.054535%, which was an increase of 0.005131% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$113,876 under the modified cash basis of accounting.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 8,016
Changes in assumptions	-	1,684,941
Net difference between projected and actual earnings on OPEB plan investments	-	156
Changes in proportion and differences between District contributions and proportionate share of contributions	1,207,582	-
Total deferred amounts to be recognized in OPEB expense in future periods	1,207,582	1,693,113
District contributions subsequent to the measurement date	113,876	-
Total	<u>\$ 1,321,458</u>	<u>\$ 1,693,113</u>

\$113,876 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ (74,598)
2019	(74,598)
2020	(74,598)
2021	(74,598)
2022	(74,559)
2023	(74,559)
Thereafter	(38,021)
Total	<u>\$ (485,531)</u>

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Valuation Method

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption,
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Discount rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the THIS is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The increase in the single discount rate from 2.85% to 3.56% caused the total OPEB liability to decrease by approximately \$3.564 billion from 2016 to 2017.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the employer's proportionate share of the net OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.56%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
District's proportionate share of the net OPEB liability	\$ 16,981,904	\$ 14,151,649	\$ 11,886,996

The following presents what the District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
District's proportionate share of the net OPEB liability	\$ 8,807,968	\$ 14,151,649	\$ 13,934,595

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

Collective Liability Insurance Cooperative

The District is a member of the Collective Liability Insurance Cooperative (CLIC), along with other area school districts. The District obtains property, liability, and worker's compensation insurance, and claims and loss administration services through CLIC. The District is financially responsible for annual premiums based on types and levels of coverage. CLIC is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from CUC, by contacting its administration, in care of, High School District 113 at 1040 Park Avenue West, Highland Park, Illinois 60035.

9. JOINT AGREEMENTS

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational/Technical Education, etc. This district has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from the joint agreement.

Niles Township District for Special Education

The District is a member of the Niles Township District for Special Education #807 (NTDSE), along with other area school districts. NTDSE provides special education programs, and services, which benefit District students, and also provides jointly administered grants and programming, which benefits the District. The District is financially responsible for annual and special assessments as established by the NTDSE governing board, and fees for programs and services based on usage. NTDSE is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from NTDSE by contacting its administration at 8701 North Menard Avenue, Morton Grove, Illinois 60053.

10. CONSTRUCTION COMMITMENTS

At June 30, 2018, the District had pending construction project contracts in progress. The District is committed to approximately \$9,777,970 in remaining disbursements for various District-wide construction projects. These disbursements are expected to be paid from available fund balances in the capital projects fund.

11. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

A. Nonspendable Fund Balance

The nonspendable fund balance classification 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Because the District reports on the modified cash basis of accounting, all such items are expensed at the time of purchase, and therefore there are no amounts that fall into this classification.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories:

11. FUND BALANCE REPORTING (Continued)

1. Special Education

Proceeds from the Special Education special tax levy and related disbursements have been included in the operations of the General Fund (Educational Account). At June 30, 2018, the cumulative special education disbursements have exceeded related cumulative receipts in the General Fund (Educational Account) and, therefore, there is no restriction on the fund balance of the General Fund (Educational Account) for future special education disbursements.

2. Technology Leasing

Technology Leasing - Proceeds from the Technology Leasing special tax levy and related disbursements have been included in the operations of the general (education) fund. At June 30, 2018, the cumulative technology leasing receipts have exceeded related cumulative disbursements in the general (education) fund and, accordingly, the June 30, 2018 fund balance of the general (education) fund is restricted for future technology leasing disbursements in the amount of \$180,252, which represents the cumulative excess.

3. Tort Immunity Account

Expenditures disbursed and the related revenues received are accounted for in the Tort Immunity Account in the General Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$1,524,799.

4. State and Federal Grants

Proceeds from state and federal grants and the related expenditures disbursed have been included in the General Fund and various Special Revenue Funds. At June 30, 2018, expenditures disbursed exceeded revenue from state and federal grants, resulting in no restricted balances.

5. Social Security

Expenditures disbursed and the related revenues received of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance \$179,702. The remaining balance is restricted for Municipal Retirement purposes.

6. Capital Projects Funds

Expenditures disbursed and the related revenues received are accounted for in the Capital Projects and Fire Prevention and Safety Funds. All equity within these funds are restricted for the associated capital expenditures disbursed within these funds.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the District's Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2018

11. FUND BALANCE REPORTING (Continued)

The District's Board of Education commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the District's Board of Education itself, or a body (a board committee, for example) or District official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures disbursed act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures disbursed for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

12. INTERFUND BALANCES AND TRANSFERS

During the year ended June 30, 2018, the District made the following interfund transfers:

	Transferred To	Transferred From
General Fund		
Educational Account	\$ 500,000	\$ -
Operations and Maintenance Account	1,500,000	1,500,000
Working Cash Account	-	53,465
Special Revenue Funds		
Transportation Fund	-	2,000,000
Municipal Retirement/ Social Security Fund	53,465	-
Capital Projects Fund		
Capital Projects Fund	1,500,000	-
TOTAL	<u>\$ 3,553,465</u>	<u>\$ 3,553,465</u>

12. INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers from the Working Cash Account to the Municipal Retirement/Social Security Fund and from the Transportation Fund to the Educational Account and Operations and Maintenance Account consisted of interest earnings as permitted by the Illinois School Code. These amounts were considered excess fund balance and were transferred to the fund deemed most in need of such fund balance.

The District also made the following interfund transfers of fund balance as permitted by the Illinois School Code. Transfers from the Operations and Maintenance Account to the Capital Projects Fund were made to fund construction projects in progress.

13. CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2018. Statement No. 75 expands disclosures related to postemployment benefits other than pensions. The adoption of this statement had no effect on any of the District's fund balances or the District's governmental activities modified cash basis net position.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund

Balances - Modified Cash Basis - Budget and Actual - General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources	\$ 18,620,381	\$ 18,910,006	\$ 19,189,691	\$ 279,685
State sources	7,520,726	7,574,639	10,388,795	2,814,156
Federal sources	1,273,428	1,499,775	1,361,719	(138,056)
Total Revenues	27,414,535	27,984,420	30,940,205	2,955,785
EXPENDITURES				
Current operating				
Instruction	16,252,050	16,169,061	18,456,693	2,287,632
Support services	9,862,607	9,927,482	8,862,608	(1,064,874)
Community services	154,901	182,697	150,515	(32,182)
Non-programmed charges	850,000	905,000	877,472	(27,528)
Capital outlay	977,407	1,364,642	1,156,952	(207,690)
Contingencies	50,000	72,000		(72,000)
Total Expenditures	28,146,965	28,620,882	29,504,240	883,358
Excess (deficiency) of revenues over expenditures	(732,430)	(636,462)	1,435,965	2,072,427
OTHER FINANCING (USES)				
Transfer in	11,800,000	11,800,000	2,000,000	(9,800,000)
Transfer out	(11,353,465)	(11,353,465)	(1,553,465)	9,800,000
Total other financing (uses)	446,535	446,535	446,535	-
Net change in fund balance	\$ (285,895)	\$ (189,927)	1,882,500	\$ 2,072,427
Fund Balance at beginning of year			21,796,106	
FUND BALANCE AT END OF YEAR			<u>\$ 23,678,606</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund
Balances - Modified Cash Basis - Budget and Actual - Transportation Fund
Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources	\$ 3,246,037	\$ 3,258,037	\$ 3,130,308	\$ (127,729)
State sources	125,000	233,487	300,789	67,302
Total Revenues	3,371,037	3,491,524	3,431,097	(60,427)
EXPENDITURES				
Current operating				
Support services	1,254,354	1,254,495	1,136,600	(117,895)
Provision for contingencies	30,000	29,000	-	(29,000)
Total Expenditures	1,284,354	1,283,495	1,136,600	(146,895)
Excess (deficiency) of revenues over expenditures	2,086,683	2,208,029	2,294,497	86,468
OTHER FINANCING (USES)				
Transfer out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing (uses)	(2,000,000)	(2,000,000)	(2,000,000)	-
Net change in fund balance	<u>\$ 86,683</u>	<u>\$ 208,029</u>	294,497	<u>\$ 86,468</u>
Fund Balance at beginning of year			<u>2,105,571</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$ 2,400,068</u></u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Supplementary Information

Year Ended June 30, 2018

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

The budget is prepared on the modified cash basis of accounting for all governmental funds that is an acceptable method as prescribed by the Illinois State Board of Education, and is the same basis that is used for financial reporting. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. The budget appropriations lapse at the end of each fiscal year. The District does not utilize an encumbrance system. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments. The budget was passed on September 19, 2017 and amended on June 19, 2018.
3. Prior to October 1, the budget is legally adopted through passage of a resolution. Prior to the last Tuesday in December, a tax levy resolution is filed with the County Clerk to obtain tax revenues.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

b. Excess of Expenditures over Budget

The General Fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2018. The General Fund had actual expenditures of \$29,504,240 that were in excess of budgeted expenditures of \$28,620,882 by \$883,358.

The Debt Service Fund had an excess of actual expenditures over the budgeted amount for the year ended June 30, 2018. The Debt Service Fund had actual expenditures of \$13,509,040 that were in excess of budgeted expenditures of \$13,480,000 by \$29,040.

The overexpenditures in the General Fund and Debt Service Fund were funded by available fund balance.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Changes In The Employer's Net Pension Liability
and Related Ratios
Illinois Municipal Retirement Fund
Last Four Calendar Years

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 278,617	\$ 241,379	\$ 210,006	\$ 226,590
Interest	703,840	666,124	620,872	581,844
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	289,944	100,876	225,992	(222,909)
Changes of Assumptions	(350,661)	-	-	353,574
Benefit Payments, Including Refunds of Member Contributions	(557,524)	(490,704)	(447,702)	(373,150)
Net Change in Total Pension Liability	364,216	517,675	609,168	565,949
Total Pension Liability - Beginning	9,523,986	9,006,311	8,397,143	7,831,194
Total Pension Liability- Ending	\$ 9,888,202	\$ 9,523,986	\$ 9,006,311	\$ 8,397,143
Plan Fiduciary Net Position				
Contributions - Employer	\$ 217,305	\$ 204,949	\$ 202,331	\$ 173,028
Contributions - Member	130,731	117,188	104,774	98,872
Net Investment Income	1,587,412	583,239	42,707	499,508
Benefit Payments, Including Refunds of Member Contributions	(557,524)	(490,704)	(447,702)	(373,150)
Administrative Expense	(101,899)	63,905	61,095	(25,939)
Net Change in Plan Fiduciary Net Position	1,276,025	478,577	(36,795)	372,319
Plan Net Position - Beginning	9,053,389	8,574,812	8,611,607	8,239,288
Plan Net Position- Ending	\$10,329,414	\$ 9,053,389	\$ 8,574,812	\$ 8,611,607
Employer's Net Position Liability (Asset)	\$ (441,212)	\$ 470,597	\$ 431,499	\$ (214,464)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.46%	95.06%	95.21%	102.55%
Covered-Employee Payroll	\$ 2,905,139	\$ 2,604,176	\$ 2,328,308	\$ 1,974,037
Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	-15.19%	18.07%	18.53%	-10.86%

The District implemented GASB Statement No. 68 in fiscal year 2015.
Information prior to calendar year 2014 is not available.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Employer Contributions

Illinois Municipal Retirement Fund

Last Four Calendar Years

Calendar Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 217,304	\$ 217,305	\$ (1)	\$ 2,905,139	7.48%
2016	204,949	204,949	-	2,604,176	7.87%
2015	202,330	202,331	(1)	2,328,308	8.69%
2014	173,028	173,028	-	2,054,966	8.42%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The District implemented GASB Statement No. 68 in fiscal year 2015.

Information prior to fiscal year 2015 is not available.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of The District's Proportionate Share Of The
 Net Pension Liability
 Teachers' Retirement System
 Last Four Fiscal Years

	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	0.00351%	0.00323%	0.00308%	0.00289%
District's proportionate share of the net pension liability	\$ 2,679,827	\$ 2,550,794	\$ 2,016,067	\$ 1,755,810
State's proportionate share of the net pension liability associated the District	88,671,492	90,206,764	70,742,238	65,635,237
Total	<u>\$91,351,319</u>	<u>\$92,757,558</u>	<u>\$72,758,305</u>	<u>\$67,391,047</u>
District's covered payroll	\$ 11,496,352	\$ 10,912,297	\$ 10,665,519	\$ 10,345,553
District's proportionate share of the net pension liability as a percentage of its covered payroll	23.31%	23.38%	18.90%	16.97%
Plan fiduciary net position as a percentage of the total pension liability	39.30%	36.44%	41.47%	42.95%

Notes to Schedule*Changes of assumptions*

For the 2017 and 2016 measurement years, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

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

* The amounts presented have a measurement date of the previous fiscal year end.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Employer Contributions

Teachers' Retirement System

Last Four Fiscal Years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 102,186	\$ 102,186	\$ -	\$ 12,940,445	0.79%
2017	147,402	125,145	22,257	11,496,352	1.09%
2016	126,123	107,835	18,288	10,912,297	0.99%
2015	118,057	102,938	15,119	10,665,519	0.97%

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

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of the District's Proportionate Share of the Net OPEB Liability

Teachers' Health Insurance Security Fund

June 30, 2018

	<u>2018*</u>
District's proportion of the net OPEB liability	0.054535%
District's proportionate share of the net OPEB liability	\$ 14,151,649
State's proportionate share of the net OPEB liability associated with the District	<u>18,584,631</u>
Total	<u><u>\$ 32,736,280</u></u>
District's covered-employee payroll	\$ 11,496,352
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	123.10%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

The District implemented GASB Statement No. 75 in fiscal year 2018.
Information prior to fiscal year 2018 is not available.

*The amounts presented have a measurement date
of the previous fiscal year end.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Employer Contributions

Teachers' Health Insurance Security Fund

Year Ended June 30, 2018

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 113,876	\$ 113,876	\$ -	\$ 12,940,445	0.88%

The District implemented GASB Statement No. 75 in fiscal year 2018.
Information prior to fiscal year 2018 is not available.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Combining Statement of Assets, Liabilities and Fund Balances by Account - Modified Cash Basis

General Fund

June 30, 2018

	Educational	Operations and Maintenance	Working Cash	Tort Immunity	Total General
ASSETS					
Cash and investments	\$ 13,963,599	\$ 4,174,498	\$ 4,117,663	\$ 1,524,799	\$ 23,780,559
TOTAL ASSETS	\$ 13,963,599	\$ 4,174,498	\$ 4,117,663	\$ 1,524,799	\$ 23,780,559
LIABILITIES AND FUND BALANCES					
Liabilities					
Employee benefits payable	\$ 101,953	\$ -	\$ -	\$ -	\$ 101,953
Total Liabilities	101,953	-	-	-	101,953
Fund balances					
Restricted					
Liability insurance	-	-	-	1,524,799	1,524,799
Unassigned	13,861,646	4,174,498	4,117,663	-	22,153,807
Total Fund Balances	13,861,646	4,174,498	4,117,663	1,524,799	23,678,606
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,963,599	\$ 4,174,498	\$ 4,117,663	\$ 1,524,799	\$ 23,780,559

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes

In Fund Balances by Account - Modified Cash Basis

General Fund

Year Ended June 30, 2018

	Educational	Operations and Maintenance	Working Cash	Tort Immunity	Total General
REVENUES RECEIVED					
Local sources	\$ 16,327,913	\$ 2,330,639	\$ 344,135	\$ 187,004	\$ 19,189,691
State sources	10,388,795	-	-	-	10,388,795
Federal sources	1,361,719	-	-	-	1,361,719
Total Revenues Received	28,078,427	2,330,639	344,135	187,004	30,940,205
EXPENDITURES DISBURSED					
Current operating					
Instruction	18,456,693	-	-	-	18,456,693
Support services	6,812,706	1,746,953	-	302,949	8,862,608
Community services	150,515	-	-	-	150,515
Non-programmed charges	877,472	-	-	-	877,472
Capital outlay	672,814	484,138	-	-	1,156,952
Total Expenditures Disbursed	26,970,200	2,231,091	-	302,949	29,504,240
Excess (deficiency) of revenues received over expenditures disbursed	1,108,227	99,548	344,135	(115,945)	1,435,965
OTHER FINANCING SOURCES (USES)					
Transfer in	500,000	1,500,000	-	-	2,000,000
Transfer out	-	(1,500,000)	(53,465)	-	(1,553,465)
Total other financing sources (uses)	500,000	-	(53,465)	-	446,535
Net change in fund balance	1,608,227	99,548	290,670	(115,945)	1,882,500
Fund balances at beginning of year	12,253,419	4,074,950	3,826,993	1,640,744	21,796,106
FUND BALANCE AT END OF YEAR	\$ 13,861,646	\$ 4,174,498	\$ 4,117,663	\$ 1,524,799	\$ 23,678,606

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 13,408,937	\$ 13,408,937	\$ 13,448,962	\$ 40,025
Special education levy	1,584,525	1,584,525	1,606,503	21,978
Corporate personal property replacement taxes	419,928	419,928	445,852	25,924
Tuition	93,000	93,000	108,961	15,961
Earnings on investments	200,000	250,000	312,721	62,721
Food services	108,000	125,000	145,363	20,363
Pupil activities and textbooks	41,300	58,925	61,932	3,007
Contributions and donations from private sources	-	-	34	34
Refund of prior years' expenditures	-	20,000	26,568	6,568
Other local revenues	85,500	168,500	171,017	2,517
Total local sources	15,941,190	16,128,815	16,327,913	199,098
State sources				
Unrestricted				
Evidence based funding formula	2,842,816	3,616,709	3,612,846	(3,863)
Restricted				
Special education:				
Private facility tuition	32,614	15,254	20,929	5,675
Extraordinary	239,045	-	119,522	119,522
Personnel	346,103	-	173,052	173,052
Summer school	5,144	-	4,587	4,587
Bilingual education	124,794	-	192,126	192,126
State free lunch and breakfast	7,500	5,000	5,749	749
Education block grant	222,710	236,486	447,446	210,960
Technology - technology for success	-	1,190	-	(1,190)
State charter schools	-	-	1,190	1,190
On behalf payments - State of Illinois	3,700,000	3,700,000	5,811,348	2,111,348
Total state sources	\$ 7,520,726	\$ 7,574,639	\$ 10,388,795	\$ 2,814,156

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Federal sources				
Restricted				
School lunch programs	\$ 300,000	\$ 300,000	\$ 295,805	\$ (4,195)
Special breakfast program	60,000	60,000	62,115	2,115
Title I - low income	791,254	950,418	817,845	(132,573)
Federal - special education				
I.D.E.A. flow-through	-	5,000	61,378	56,378
Advanced placement fee/ international baccalaureate	-	7,175	-	(7,175)
Title III - immigrant education program (IEP)	44,770	59,353	11,958	(47,395)
Title III - language instruction program - limited english (LIPLEP)	-	-	40,269	40,269
Title II - Eisenhower professional development formulas	-	117,829	-	(117,829)
Title II - teacher quality	77,404	-	72,349	72,349
Total federal sources	1,273,428	1,499,775	1,361,719	(138,056)
Total revenues received	24,735,344	25,203,229	28,078,427	2,875,198
EXPENDITURES DISBURSED				
Current operating				
Instruction				
Regular programs				
Salaries	7,293,843	7,212,445	7,493,580	281,135
Employee benefits	859,011	870,330	1,102,384	232,054
On behalf payments - State of Illinois	3,700,000	3,700,000	5,811,348	2,111,348
Purchased services	118,500	145,500	81,731	(63,769)
Supplies and materials	250,364	254,364	146,158	(108,206)
Capital outlay	-	5,000	1,998	(3,002)
Other	17,000	17,000	24,700	7,700
Total	\$ 12,238,718	\$ 12,204,639	\$ 14,661,899	\$ 2,457,260

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
Modified Cash Basis - Budget and Actual
Educational Account
For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Prekindergarten programs				
Salaries	\$ 429,881	\$ 440,402	\$ 445,155	\$ 4,753
Employee benefits	47,894	60,298	62,982	2,684
Purchased services	1,694	1,694	322	(1,372)
Supplies and materials	17,000	14,500	10,039	(4,461)
Total	496,469	516,894	518,498	1,604
Special education programs				
Salaries	1,446,938	1,378,792	1,378,899	107
Employee benefits	192,324	203,980	220,120	16,140
Supplies and materials	26,400	26,400	20,776	(5,624)
Total	1,665,662	1,609,172	1,619,795	10,623
Special education prekindergarten programs				
Supplies and materials	5,000	5,000	1,433	(3,567)
Total	5,000	5,000	1,433	(3,567)
Remedial and supplemental programs				
Salaries	206,989	206,989	206,990	1
Employee benefits	62,613	32,141	28,609	(3,532)
Purchased services	224,000	88,432	115,167	26,735
Supplies and materials	144,250	110,685	49,179	(61,506)
Capital outlay	77,407	338,642	338,597	(45)
Total	715,259	776,889	738,542	(38,347)
Interscholastic programs				
Salaries	49,562	399,475	336,593	(62,882)
Employee benefits	26,260	15,000	3,572	(11,428)
Purchased services	8,000	8,000	6,240	(1,760)
Total	\$ 83,822	\$ 422,475	\$ 346,405	\$ (76,070)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Summer school				
Salaries	\$ -	\$ 16,800	\$ -	\$ (16,800)
Purchased services	-	-	7,502	7,502
Supplies and materials	-	10,000	-	(10,000)
Total	-	26,800	7,502	(19,298)
Bilingual				
Salaries	938,178	760,120	722,943	(37,177)
Employee benefits	158,630	131,228	114,884	(16,344)
Purchased services	5,000	1,000	731	(269)
Supplies and materials	22,719	58,486	64,656	6,170
Total	1,124,527	950,834	903,214	(47,620)
Total instruction	16,329,457	16,512,703	18,797,288	2,284,585
Support services				
Pupils				
Attendance and social work				
Salaries	732,155	649,203	652,071	2,868
Employee benefits	84,035	93,260	88,285	(4,975)
Supplies and materials	6,000	6,000	1,727	(4,273)
Total	822,190	748,463	742,083	(6,380)
Health services				
Salaries	166,192	165,763	158,687	(7,076)
Employee benefits	18,681	16,449	13,233	(3,216)
Supplies and materials	7,000	7,000	5,946	(1,054)
Total	191,873	189,212	177,866	(11,346)
Psychological services				
Salaries	289,848	289,848	286,329	(3,519)
Employee benefits	31,529	29,151	29,620	469
Supplies and materials	3,000	3,000	2,504	(496)
Total	\$ 324,377	\$ 321,999	\$ 318,453	\$ (3,546)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Speech pathology and audiology services				
Salaries	\$ 291,775	\$ 291,775	\$ 295,788	\$ 4,013
Employee benefits	32,054	38,638	38,998	360
Supplies and materials	3,500	3,500	1,092	(2,408)
Total	327,329	333,913	335,878	1,965
Other support services - pupils				
Salaries	128,166	128,166	121,826	(6,340)
Employee benefits	10,127	11,705	11,716	11
Supplies and materials	5,000	5,000	1,409	(3,591)
Total	143,293	144,871	134,951	(9,920)
Total pupils	1,809,062	1,738,458	1,709,231	(29,227)
Instructional staff				
Improvement of instruction services				
Salaries	147,000	203,660	145,320	(58,340)
Employee benefits	80,000	109,940	72,806	(37,134)
Purchased services	242,492	99,000	90,552	(8,448)
Total	469,492	412,600	308,678	(103,922)
Educational media services				
Salaries	194,287	194,287	193,721	(566)
Employee benefits	37,044	35,620	35,370	(250)
Supplies and materials	26,375	27,564	21,422	(6,142)
Total	257,706	257,471	250,513	(6,958)
Assessment and testing				
Purchased services	34,963	30,963	26,238	(4,725)
Total	34,963	30,963	26,238	(4,725)
Total instructional staff	\$ 762,161	\$ 701,034	\$ 585,429	\$ (115,605)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
General administration				
Board of education services				
Purchased services	\$ 275,000	\$ 272,000	\$ 222,039	\$ (49,961)
Supplies and materials	20,000	25,000	5,165	(19,835)
Other	10,000	10,000	9,741	(259)
Total	305,000	307,000	236,945	(70,055)
Executive administration services				
Salaries	265,386	270,386	272,562	2,176
Employee benefits	22,886	46,308	48,313	2,005
Purchased services	10,250	10,250	7,895	(2,355)
Supplies and materials	2,000	2,000	205	(1,795)
Other	4,000	4,000	2,938	(1,062)
Total	304,522	332,944	331,913	(1,031)
Total general administration	609,522	639,944	568,858	(71,086)
School administration				
Office of the principal services				
Salaries	940,445	965,545	913,224	(52,321)
Employee benefits	90,347	161,771	176,944	15,173
Purchased services	30,000	26,000	553	(25,447)
Supplies and materials	3,000	3,000	5,082	2,082
Other	7,500	7,500	4,668	(2,832)
Total	1,071,292	1,163,816	1,100,471	(63,345)
Total school administration	1,071,292	1,163,816	1,100,471	(63,345)
Business				
Direction of business support services				
Salaries	108,830	110,030	110,030	-
Employee benefits	8,707	24,470	25,299	829
Purchased services	7,000	7,000	1,463	(5,537)
Supplies and materials	1,000	1,000	65	(935)
Other	2,500	2,000	1,080	(920)
Total	\$ 128,037	\$ 144,500	\$ 137,937	\$ (6,563)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Educational Account

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Fiscal services				
Salaries	\$ 234,155	\$ 238,561	\$ 233,707	\$ (4,854)
Employee benefits	38,988	40,757	32,623	(8,134)
Purchased services	64,000	44,000	63,191	19,191
Supplies and materials	3,000	3,000	17,430	14,430
Other	1,000	1,000	387	(613)
Total	341,143	327,318	347,338	20,020
Operation and maintenance of plant services				
Purchased services	310,000	300,000	264,170	(35,830)
Total	310,000	300,000	264,170	(35,830)
Pupil transportation services				
Purchased services	-	-	9,555	9,555
Total	-	-	9,555	9,555
Food services				
Salaries	130,643	111,848	111,722	(126)
Employee benefits	16,206	15,830	14,276	(1,554)
Purchased services	410,000	460,000	462,655	2,655
Supplies and materials	8,000	8,000	3,027	(4,973)
Capital outlay	5,000	5,000	-	(5,000)
Total	569,849	600,678	591,680	(8,998)
Total business	1,349,029	1,372,496	1,350,680	(21,816)
Central				
Direction of central support services				
Salaries	172,149	173,349	173,349	-
Employee benefits	12,749	31,037	31,955	918
Purchased services	10,000	10,000	2,592	(7,408)
Supplies and materials	5,000	5,000	475	(4,525)
Other	2,500	2,500	678	(1,822)
Total	\$ 202,398	\$ 221,886	\$ 209,049	\$ (12,837)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Educational Account

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Planning, research, development, and evaluation services				
Salaries	\$ 709,925	\$ 718,324	\$ 335,462	\$ (382,862)
Employee benefits	58,586	102,399	71,195	(31,204)
Purchased services	175,000	145,000	120,547	(24,453)
Supplies and materials	130,000	130,000	38,018	(91,982)
Other	19,000	29,000	1,734	(27,266)
Total	1,092,511	1,124,723	566,956	(557,767)
Staff services				
Salaries	-	-	22,125	22,125
Employee benefits	-	-	2,180	2,180
Total	-	-	24,305	24,305
Data processing services				
Salaries	417,355	502,637	505,623	2,986
Employee benefits	40,571	60,725	56,881	(3,844)
Purchased services	65,000	86,000	80,392	(5,608)
Supplies and materials	147,000	75,000	54,831	(20,169)
Capital outlay	315,000	366,000	332,219	(33,781)
Other	1,000	1,000	-	(1,000)
Total	985,926	1,091,362	1,029,946	(61,416)
Total central	2,280,835	2,437,971	1,830,256	(607,715)
Other support services				
Supplies and materials	-	7,500	-	(7,500)
Total	-	7,500	-	(7,500)
Total support services	\$ 7,881,901	\$ 8,061,219	\$ 7,144,925	\$ (916,294)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Educational Account
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Community services				
Salaries	91,341	122,225	70,201	(52,024)
Employee benefits	560	8,720	8,633	(87)
Purchased services	59,000	43,652	55,065	11,413
Supplies and materials	4,000	3,100	11,910	8,810
Other	-	5,000	4,706	(294)
Total community services	154,901	182,697	150,515	(32,182)
Non-programmed charges				
Payments for special education programs				
Purchased services	\$ -	\$ 5,000	\$ -	\$ (5,000)
Other objects	850,000	900,000	877,472	(22,528)
Total non-programmed charges	850,000	905,000	877,472	(27,528)
Provisions for contingencies	40,000	62,000	-	(62,000)
Total expenditures disbursed	25,256,259	25,723,619	26,970,200	1,246,581
Excess (deficiency) of revenues received over expenditures disbursed	(520,915)	(520,390)	1,108,227	1,628,617
OTHER FINANCING SOURCES				
Transfer in	500,000	500,000	500,000	-
Total other financing sources	500,000	500,000	500,000	-
Net change in fund balance	<u>\$ (20,915)</u>	<u>\$ (20,390)</u>	1,608,227	<u>\$ 1,628,617</u>
Fund balance at beginning of year			12,253,419	
FUND BALANCE AT END OF YEAR			<u><u>\$ 13,861,646</u></u>	

(Concluded)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Operations and Maintenance Account

Year Ended June 30, 2018 with Comparative Actual Totals for 2017

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 2,178,722	\$ 2,178,722	\$ 2,208,670	\$ 29,948
Earnings on investments	75,000	72,000	87,951	15,951
Rentals	-	-	20,000	20,000
Other local revenues	-	10,000	14,018	4,018
Total local sources	2,253,722	2,260,722	2,330,639	69,917
Total revenues received	2,253,722	2,260,722	2,330,639	69,917
EXPENDITURES DISBURSED				
Current operating				
Support services				
Operations and maintenance of plant services				
Salaries	791,935	715,164	691,922	(23,242)
Employee benefits	124,127	145,717	-	(145,717)
On-behalf payments	-	-	110,270	110,270
Purchased services	589,000	611,000	549,923	(61,077)
Supplies and materials	520,500	489,500	394,838	(94,662)
Capital outlay	580,000	650,000	484,138	(165,862)
Total	2,605,562	2,611,381	2,231,091	(380,290)
Total support services	2,605,562	2,611,381	2,231,091	(380,290)
Provisions for contingencies	10,000	10,000	-	(10,000)
Total expenditures disbursed	2,615,562	2,621,381	2,231,091	(390,290)
Excess (deficiency) of revenues received over expenditures disbursed	\$ (361,840)	\$ (360,659)	\$ 99,548	\$ 460,207

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Operations and Maintenance Account

Year Ended June 30, 2018 with Comparative Actual Totals for 2017

	Original Budget	Final Budget	Actual	Variance Over/Under
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
Transfer out	(1,500,000)	(1,500,000)	(1,500,000)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ (361,840)</u>	<u>\$ (360,659)</u>	99,548	<u>\$ 460,207</u>
Fund balance at beginning of year			<u>4,074,950</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$ 4,174,498</u></u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Working Cash Account

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 198,065	\$ 198,065	\$ 200,708	\$ 2,643
Earnings on investments	50,000	140,000	143,427	3,427
Total local sources	248,065	338,065	344,135	6,070
Total revenues received	248,065	338,065	344,135	6,070
EXPENDITURES DISBURSED				
Total expenditures disbursed	-	-	-	-
Excess of revenues received over expenditures disbursed	248,065	338,065	344,135	6,070
OTHER FINANCING SOURCES (USES)				
Transfers in	9,800,000	9,800,000	-	(9,800,000)
Transfers out	(9,853,465)	(9,853,465)	(53,465)	9,800,000
Total other financing sources (uses)	(53,465)	(53,465)	(53,465)	-
Net change in fund balance	\$ 194,600	\$ 284,600	290,670	\$ 6,070
Fund balance at beginning of year			3,826,993	
FUND BALANCE AT END OF YEAR			<u>\$ 4,117,663</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Tort Immunity Account

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 152,404	\$ 152,404	\$ 148,691	\$ (3,713)
Earnings on investments	25,000	26,000	34,252	8,252
Other local revenues	-	4,000	4,061	61
Total local sources	177,404	182,404	187,004	4,600
Total revenues received	177,404	182,404	187,004	4,600
EXPENDITURES DISBURSED				
Current operating				
Support services				
Workers compensation insurance				
Purchased services	100,000	100,000	-	(100,000)
Total workers compensation	100,000	100,000	-	(100,000)
Unemployment insurance				
Purchased services	60,000	60,000	-	(60,000)
Total unemployment insurance	60,000	60,000	-	(60,000)
Insurance payments				
Purchased services	70,000	70,000	-	(70,000)
Total insurance	70,000	70,000	-	(70,000)
Educational, inspectional, supervisory services				
Salaries	41,800	41,800	41,800	-
Employee benefits	3,344	4,082	261,149	257,067
Total educational, inspectional, supervisory services	45,144	45,882	302,949	257,067
Total support services	275,144	275,882	302,949	27,067
Total expenditures disbursed	275,144	275,882	302,949	27,067
Excess (deficiency) of revenues received over expenditures disbursed	\$ (97,740)	\$ (93,478)	(115,945)	\$ (22,467)
Fund balance at beginning of year			1,640,744	
FUND BALANCE AT END OF YEAR			<u>\$ 1,524,799</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Major Debt Service Fund

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 3,390,955	\$ 3,390,955	\$ 3,466,883	\$ 75,928
Earnings on investments	30,000	56,000	69,302	13,302
Total local sources	3,420,955	3,446,955	3,536,185	89,230
Total revenues received	3,420,955	3,446,955	3,536,185	89,230
EXPENDITURES DISBURSED				
Debt service				
Principal retirement	11,100,000	12,660,000	12,505,000	(155,000)
Interest on bonds	400,000	820,000	845,766	25,766
Service charges	100,000	-	158,274	158,274
Total expenditures disbursed	11,600,000	13,480,000	13,509,040	29,040
Excess (deficiency) of revenues received over expenditures disbursed	(8,179,045)	(10,033,045)	(9,972,855)	60,190
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds issued	9,500,000	9,500,000	8,885,000	(615,000)
Premium on bonds issued	650,000	650,000	1,113,368	463,368
Accrued interest on bonds issued	32,000	32,000	-	(32,000)
Total other financing sources (uses)	10,182,000	10,182,000	9,998,368	(183,632)
Net change in fund balance	\$ 2,002,955	\$ 148,955	25,513	\$ (123,442)
Fund balance at beginning of year			2,917,848	
FUND BALANCE AT END OF YEAR			\$ 2,943,361	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Major Special Revenue Fund - Transportation Fund

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 3,097,037	\$ 3,097,037	\$ 2,901,834	\$ (195,203)
Transportation fees	104,000	70,000	116,490	46,490
Earnings on investments	45,000	91,000	111,984	20,984
Total local sources	3,246,037	3,258,037	3,130,308	(127,729)
State sources				
Restricted				
Transportation aid - regular	-	3,937	4,737	800
Transportation aid - special education	125,000	229,550	296,052	66,502
Total state sources	125,000	233,487	300,789	67,302
Total revenues received	3,371,037	3,491,524	3,431,097	(60,427)
EXPENDITURES DISBURSED				
Current operating				
Support services				
Pupil transportation services				
Salaries	8,341	8,342	8,342	-
Employee benefits	513	653	220	(433)
On-behalf payments	-	-	401	401
Purchased services	1,245,000	1,245,000	1,127,637	(117,363)
Supplies and materials	500	500	-	(500)
Total support services	1,254,354	1,254,495	1,136,600	(117,895)
Provisions for contingencies	30,000	29,000	-	(29,000)
Total expenditures disbursed	1,284,354	1,283,495	1,136,600	(146,895)
Excess of revenues received over expenditures disbursed	2,086,683	2,208,029	2,294,497	86,468
OTHER FINANCING (USES)				
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing (uses)	(2,000,000)	(2,000,000)	(2,000,000)	-
Net change in fund balance	\$ 86,683	\$ 208,029	294,497	\$ 86,468
Fund balance at beginning of year			2,105,571	
FUND BALANCE AT END OF YEAR			\$ 2,400,068	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Major Capital Projects Fund

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Earnings on investments	\$ 60,000	\$ 180,000	\$ 258,788	\$ 78,788
Total local sources	60,000	180,000	258,788	78,788
Total revenues received	60,000	180,000	258,788	78,788
EXPENDITURES DISBURSED				
Current operating				
Support services				
Facilities acquisition and construction				
Purchased services	1,500,000	1,500,000	756,991	(743,009)
Capital outlay	16,000,000	16,000,000	15,702,871	(297,129)
Total support services	17,500,000	17,500,000	16,459,862	(1,040,138)
Total expenditures disbursed	17,500,000	17,500,000	16,459,862	(1,040,138)
Excess (deficiency) of revenues received over expenditures disbursed	(17,440,000)	(17,320,000)	(16,201,074)	1,118,926
OTHER FINANCING SOURCES (USES)				
Proceeds on bonds issued	-	-	9,825,000	9,825,000
Transfers in	11,300,000	11,300,000	1,500,000	(9,800,000)
Total other financing sources (uses)	11,300,000	11,300,000	11,325,000	25,000
Net change in fund balance	<u>\$ (6,140,000)</u>	<u>\$ (6,020,000)</u>	(4,876,074)	<u>\$ 1,143,926</u>
Fund balance at beginning of year			17,939,363	
FUND BALANCE AT END OF YEAR			<u>\$ 13,063,289</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Combining Statement of Assets, Liabilities and Fund Balances by Account - Modified Cash Basis

Nonmajor Governmental Funds

June 30, 2018

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Funds
ASSETS			
Cash and investments	\$ 998,232	\$ 346,479	\$ 1,344,711
TOTAL ASSETS	<u>\$ 998,232</u>	<u>\$ 346,479</u>	<u>\$ 1,344,711</u>
FUND BALANCES			
Fund balances			
Restricted			
Employee retirement	\$ 998,232	\$ -	\$ 998,232
Capital projects	-	346,479	346,479
TOTAL FUND BALANCES	<u>\$ 998,232</u>	<u>\$ 346,479</u>	<u>\$ 1,344,711</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes

In Fund Balances by Account - Modified Cash Basis

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Funds
REVENUES RECEIVED			
Local sources	\$ 810,211	\$ 232,831	\$ 1,043,042
Total Revenues Received	810,211	232,831	1,043,042
EXPENDITURES DISBURSED			
Current operating			
Instruction	278,093	-	278,093
Support services	369,203	-	369,203
Community services	10,469	-	10,469
Total Expenditures Disbursed	657,765	-	657,765
Excess of revenues received over expenditures disbursed	152,446	232,831	385,277
OTHER FINANCING SOURCES			
Transfer in	53,465	-	53,465
Total other financing sources	53,465	-	53,465
Net change in fund balance	205,911	232,831	438,742
Fund balances at beginning of year	792,321	113,648	905,969
FUND BALANCE AT END OF YEAR	\$ 998,232	\$ 346,479	\$ 1,344,711

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Municipal Retirement/Social Security Fund
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes - municipal retirement	\$ 273,299	\$ 273,299	\$ 533,745	\$ 260,446
Property taxes - Social Security/Medicare	425,715	425,715	241,313	(184,402)
Corporate personal property replacement taxes	16,000	16,000	15,500	(500)
Earnings on investments	7,500	15,000	19,653	4,653
Total revenues received	722,514	730,014	810,211	80,197
EXPENDITURES DISBURSED				
Current operating				
Instruction				
Regular programs	103,777	101,508	126,678	25,170
Prekindergarten programs	19,340	20,543	17,344	(3,199)
Special education programs	93,466	83,112	83,776	664
Educationally deprived/remedial programs	3,002	3,001	1,943	(1,058)
Interscholastic programs	8,768	5,359	15,355	9,996
Bilingual programs	43,097	39,031	32,997	(6,034)
Total instruction	271,450	252,554	278,093	25,539
Support services				
Pupils				
Attendance and social work services	10,617	9,413	9,225	(188)
Health services	22,092	25,786	23,743	(2,043)
Psychological services	4,203	4,203	3,791	(412)
Speech pathology and audiology services	4,231	4,231	3,957	(274)
Other	22,673	22,673	18,143	(4,530)
Total pupils	63,816	66,306	58,859	(7,447)
Instructional staff				
Improvement of instruction services	-	-	2,280	2,280
Educational media	16,268	16,267	13,837	(2,430)
Total instructional staff	16,268	16,267	16,117	(150)
General administration				
Executive administration services	14,436	14,435	13,422	(1,013)
Total general administration	14,436	14,435	13,422	(1,013)
School administration				
Office of the principal services	27,917	27,916	40,724	12,808
Total school administration	\$ 27,917	\$ 27,916	\$ 40,724	\$ 12,808

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -
 Modified Cash Basis - Budget and Actual
 Municipal Retirement/Social Security Fund
 For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
Business				
Direction of business support services	1,579	1,578	1,777	199
Fiscal services	42,029	42,807	33,674	(9,133)
Operation and maintenance of plant services	111,416	99,284	101,906	2,622
Pupil transportation services	1,627	121	120	(1)
Food services	18,599	14,389	16,547	2,158
Total business	175,250	158,179	154,024	(4,155)
Central				
Direction of central support services	2,497	2,496	2,747	251
Planning, R&D, and evaluation	26,783	27,768	21,102	(6,666)
Staff services	-	-	551	551
Data processing services	21,253	28,630	61,657	33,027
Total central	50,533	58,894	86,057	27,163
Total support services	348,220	341,997	369,203	27,206
Community services	16,159	5,923	10,469	4,546
Provisions for contingencies	60,000	95,341	-	(95,341)
Total expenditures disbursed	695,829	695,815	657,765	(38,050)
Excess of revenues received over expenditures disbursed	26,685	34,199	152,446	118,247
OTHER FINANCING SOURCES				
Transfers in	53,465	53,465	53,465	-
Total other financing sources	53,465	53,465	53,465	-
Net change in fund balance	\$ 80,150	\$ 87,664	205,911	\$ 118,247
Fund balance at beginning of year			792,321	
FUND BALANCE AT END OF YEAR			\$ 998,232	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balance -

Modified Cash Basis - Budget and Actual

Fire Prevention and Safety Fund

For The Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES RECEIVED				
Local sources				
Property taxes	\$ 21,158	\$ 21,158	\$ 230,128	\$ 208,970
Earnings on investments	-	2,000	2,703	703
Total local sources	21,158	23,158	232,831	209,673
Total revenues received	21,158	23,158	232,831	209,673
EXPENDITURES DISBURSED				
Current operating				
Support services				
Facilities acquisition and construction:				
Purchased services	30,000	35,000	-	(35,000)
Total support services	30,000	35,000	-	(35,000)
Total expenditures disbursed	30,000	35,000	-	(35,000)
Excess (deficiency) of revenues received over expenditures disbursed	\$ (8,842)	\$ (11,842)	232,831	\$ 244,673
Fund balance at beginning of year			113,648	
FUND BALANCE AT END OF YEAR			<u>\$ 346,479</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Changes in Assets and Liabilities

Agency Fund - Activity Funds

For The Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash	\$ 47,383	\$ 132,540	\$ 83,754	\$ 96,169
Total assets	\$ 47,383	\$ 132,540	\$ 83,754	\$ 96,169
Liabilities				
Due to student groups				
Edison Elementary School	10,156	903	4,322	6,737
Madison Elementary School	13,419	-	-	13,419
Lincoln Junior High School	13,294	-	-	13,294
Miscellaneous	4,963	-	-	4,963
Total due to student groups	41,832	903	4,322	38,413
Due to employees				
Flex spending	5,551	89,221	49,882	44,890
Health reimbursement	-	42,416	29,550	12,866
Total due to employees	5,551	131,637	79,432	57,756
Total liabilities	\$ 47,383	\$ 132,540	\$ 83,754	\$ 96,169