

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

Annual Financial Report

For the year ended
June 30, 2019

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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 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, 2019, 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 accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 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, 2019, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District changed its accounting method from the modified cash basis to 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 October 29, 2019 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.



Klein Hall CPAs
Aurora, Illinois
October 29, 2019

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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 and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$14,583,280 (net position).
- The District's total net position increased by \$4,456,091 based on operating results; during the year, the District changed its accounting method and recognized a prior period adjustment of \$62,152,051 which reduced the District's net position. In total, the District's net position decreased \$57,695,960 from the prior year.
- The District decreased its total long-term debt by \$2,196,127 primarily by paying down its existing debt.
- At June 30, 2019, the District's governmental funds reported combined fund balances of \$34,955,918, a decrease of \$8,474,117 from the prior year based on operating results and an increase of \$134,815 from a change in accounting method.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (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 5. 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 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 deferred outflows of resources and liabilities and deferred inflows of resources – 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.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

USING THIS ANNUAL REPORT (continued)

*Reporting the District's Most Significant Funds**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/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

THE DISTRICT AS A WHOLE

A condensed statement of net position as of June 30, 2019 and 2018, and statement of activities for the year ended June 30, 2019, is presented below.

Net Position	Governmental Activities	
	2019	2018*
Current and Other Assets	\$ 47,745,588	\$ 43,531,988
Capital Assets	18,943,145	52,822,573
Total Assets	66,688,733	96,354,561
Deferred Outflows of Resources	3,229,192	-
Current Liabilities	191,296	101,953
Long-Term Debt Outstanding	38,687,043	23,973,368
Total Liabilities	38,878,339	24,075,321
Deferred Inflows of Resources	16,456,306	-
Net Position		
Net Investment in Capital Assets	\$ 2,124,878	\$ 41,912,494
Restricted	11,787,127	21,276,228
Unrestricted	671,275	9,090,518
Total Net Position	\$ 14,583,280	\$ 72,279,240

* 2018 information is presented on the modified cash basis of accounting.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

THE DISTRICT AS A WHOLE (continued)

Changes in Net Position	2019	2018*
<u>Revenues</u>		
Program Receipts		
Charges for Services	\$ 558,411	\$ 452,746
Operating Grants	11,534,119	8,438,457
General Receipts		
Property Taxes	24,340,036	24,987,437
Other Taxes	499,098	461,352
Earnings on Investments	961,907	1,040,781
Evidence Based Funding/ Former General State Aid	3,763,226	3,612,846
Other	358,939	215,698
Total Revenues	42,015,736	39,209,317
<u>Expenses</u>		
Program Disbursements		
Instruction	\$ 22,395,570	\$ 18,734,786
Support Services	12,153,731	11,125,402
Community Services	268,348	160,984
Nonprogrammed Charges	1,015,777	877,472
Interest and Other Charges	752,432	1,004,040
Depreciation - Unallocated	973,787	1,421,821
Total Expenses	37,559,645	33,324,505
Change in Net Position	4,456,091	5,884,812
Net Position- Beginning, As Originally Stated	72,279,240	66,394,428
Prior Period Adjustment	(62,152,051)	-
Net Position- Beginning, As Restated	10,127,189	-
Net Position- Ending	\$ 14,583,280	\$ 72,279,240

Net position of the District's governmental activities increased by \$4,456,091 before a prior period adjustment of (\$62,152,051). 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 - decreased by \$9,090,518 to \$671,275. This decrease in unrestricted net assets arose primarily because of a prior period adjustment resulting from the District's change in accounting method.

* 2018 information is presented on the modified cash basis of accounting.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

THE DISTRICT'S FUNDS

At June 30, 2019, the District's governmental funds (as presented in the Balance Sheet on page 11) reported a combined fund balance of \$34,955,918, which is below last year's total of \$43,430,035. The primary reason for the governmental funds decrease is increased expenditures on capital projects.

General Fund Budgetary Highlights

The original July 1, 2018 to June 30, 2019 budget was approved by the Board of Education on August 21, 2018, and the amended budget was approved by the Board of Education on June 11, 2019. 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, 2019, the District had \$18,943,145 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	
	2019	2018*
Land	\$ 307,362	\$ 307,362
Buildings and improvements	17,935,597	6,939,485
Furniture and Equipment	700,186	51,344
Totals	<u>\$ 18,943,145</u>	<u>\$ 7,298,191</u>

The District recognized a prior period adjustment that affected the cost and related accumulated depreciation of its capital assets; this decreased the District's capital assets by \$45,524,382.

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/MORTON GROVE SCHOOL DISTRICT NO. 69

Management's Discussion and Analysis

June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At June 30, 2019, the District had \$38,687,043 in long-term debt outstanding, as shown below.

Outstanding Debt at Year End	Governmental Activities	
	2019	2018
2010 Refunding Bonds	\$ 2,050,000	\$ 2,675,000
2012 Working Cash and Refunding Bonds	2,780,000	3,420,000
2017 Refunding Bonds	6,715,000	7,880,000
2018 GO Limited Tax Bonds	8,885,000	8,885,000
Capital Leases	362,610	-
Unamortized Premium	984,631	1,113,368
Net pension liabilities (assets):		
IMRF	1,058,591	(441,212)
TRS	1,457,253	2,679,827
Net OPEB Liability - THIS	14,393,958	14,151,649
Totals	<u>\$ 38,687,043</u>	<u>\$ 40,363,632</u>

During the year ended June 30, 2019, 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

June 30, 2019

	Governmental Activities
Assets	
Cash and investments	\$ 35,237,165
Receivables	
Property taxes	12,110,032
Due from other governments	398,381
Other current assets	10
Capital assets not being depreciated	307,362
Capital assets (net of accumulated depreciation)	18,635,783
Total Assets	66,688,733
Deferred Outflows	
Deferred outflows related to pensions	2,050,362
Deferred outflows related to OPEB	1,178,830
Total Deferred Outflows	3,229,192
Liabilities	
Accounts payable	60,204
Employee benefits payable	62,659
Accrued interest payable	68,433
Noncurrent liabilities	
Due within one year	2,528,989
Due in more than one year	36,158,054
Total Liabilities	38,878,339
Deferred Inflows	
Deferred inflows related to pensions	1,634,516
Deferred inflows related to OPEB	2,154,983
Property taxes levied for subsequent year	12,513,960
Unearned revenue	152,847
Total Deferred Inflows	16,456,306
Net Position	
Net investment in capital assets	2,124,878
Restricted for	
Liability insurance	1,458,053
Student transportation	3,650,107
Employee retirement	1,055,333
Debt service	3,028,765
Capital projects	2,594,869
Unrestricted	671,275
Total Net Position	\$ 14,583,280

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Activities

Year Ended June 30, 2019

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	\$ 9,726,624	\$ 215,261	\$ 1,075,456	\$ (8,435,907)
Special programs	1,852,986	75,802	116,760	(1,660,424)
Other instructional programs	1,272,242	-	-	(1,272,242)
State retirement contributions	9,543,718	-	9,543,718	-
Support services				
Pupils	1,755,722	-	-	(1,755,722)
Instructional staff	710,156	-	98,133	(612,023)
General administration	739,156	-	-	(739,156)
School administration	1,222,158	-	-	(1,222,158)
Business	1,293,157	149,394	391,294	(752,469)
Operation and maintenance of facilities	3,118,684	23,000	-	(3,095,684)
Transportation	1,339,940	94,954	308,758	(936,228)
Central	1,961,950	-	-	(1,961,950)
Other	12,808	-	-	(12,808)
Community services	268,348	-	-	(268,348)
Non-programmed charges	1,015,777	-	-	(1,015,777)
Interest on long-term liabilities	752,432	-	-	(752,432)
Depreciation - unallocated	973,787	-	-	(973,787)
Total school district	\$ 37,559,645	\$ 558,411	\$ 11,534,119	(25,467,115)

General revenues

Property taxes levied for	
General purposes	18,263,817
Transportation	2,084,729
Retirement	683,383
Debt service	3,308,107
Personal property replacement taxes	499,098
State aid formula grants	3,763,226
Earnings on investments	961,907
Miscellaneous	358,939
Total general revenues	<u>29,923,206</u>
Change in net position	<u>4,456,091</u>
Net position - beginning, as originally stated	72,279,240
Prior period adjustment	(62,152,051)
Net position - beginning, as restated	<u>10,127,189</u>
Net position - ending	<u>\$ 14,583,280</u>

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Balance Sheet

Governmental Funds

June 30, 2019

	General	Transportation
ASSETS		
Cash and investments	\$ 24,811,036	\$ 3,676,237
Receivables		
Property taxes	8,862,648	1,120,997
Due from other governments	322,109	76,272
Other assets	10	-
TOTAL ASSETS	\$ 33,995,803	\$ 4,873,506
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 51,081	\$ 9,123
Employee benefits payable	62,659	-
Total Liabilities	113,740	9,123
Deferred inflows of resources		
Property taxes levied for subsequent year	9,158,260	1,158,388
Unearned revenue	96,959	55,888
Total deferred inflows of resources	9,255,219	1,214,276
Fund Balances		
Restricted		
Liability insurance	1,458,053	-
Student transportation	-	3,650,107
Employee retirement	-	-
Debt service	-	-
Capital projects	-	-
Unassigned	23,168,791	-
Total Fund Balances	24,626,844	3,650,107
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,995,803	\$ 4,873,506

See accompanying notes to basic financial statements

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,083,196	\$ 1,816,364	\$ 1,850,332	\$ 35,237,165
1,631,783	-	494,604	12,110,032
-	-	-	398,381
-	-	-	10
<u>\$ 4,714,979</u>	<u>\$ 1,816,364</u>	<u>\$ 2,344,936</u>	<u>\$ 47,745,588</u>
\$ -	\$ -	\$ -	\$ 60,204
-	-	-	62,659
-	-	-	122,863
1,686,214	-	511,098	12,513,960
-	-	-	152,847
<u>1,686,214</u>	<u>-</u>	<u>511,098</u>	<u>12,666,807</u>
-	-	-	1,458,053
-	-	-	3,650,107
-	-	1,055,333	1,055,333
3,028,765	-	-	3,028,765
-	1,816,364	778,505	2,594,869
-	-	-	23,168,791
<u>3,028,765</u>	<u>1,816,364</u>	<u>1,833,838</u>	<u>34,955,918</u>
<u>\$ 4,714,979</u>	<u>\$ 1,816,364</u>	<u>\$ 2,344,936</u>	<u>\$ 47,745,588</u>

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds \$ 34,955,918

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 \$39,967,006 and the accumulated depreciation is \$21,023,861. 18,943,145

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	(20,430,000)
Capital leases	(362,610)
Premium on bonds outstanding	(984,631)
Net pension liability - TRS	(1,457,253)
Net pension liability - IMRF	(1,058,591)
Net OPEB liability - THIS	(14,393,958)
Interest payable	(68,433)

Deferred inflows and outflows of resources are not reported in governmental funds.

Deferred outflows related to pensions	2,050,362
Deferred outflows related to OPEB	1,178,830
Deferred inflows related to pensions	(1,634,516)
Deferred inflows related to OPEB	(2,154,983)

Net position of governmental activities \$ 14,583,280

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2019

	General	Transportation
REVENUES		
Local sources		
Property taxes	\$ 17,846,284	\$ 2,084,729
Charges for services	373,435	94,954
Other	1,569,636	81,875
State sources	10,324,715	331,890
Federal sources	1,132,859	-
Total Revenues	31,246,929	2,593,448
EXPENDITURES		
Current operating		
Instruction	19,064,231	-
Supporting services	9,189,455	1,337,354
Community services	248,950	-
Non-programmed charges	1,015,777	-
Capital outlay	1,322,169	-
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	30,840,582	1,337,354
Excess (deficiency) of revenues over expenditures	406,347	1,256,094
Other financing sources (uses)		
Proceeds from capital leases	442,510	-
Transfers	(100,212)	-
Total other financing sources (uses)	342,298	-
Net change in fund balance	748,645	1,256,094
Fund balance at beginning of year, as originally stated	23,678,606	2,400,068
Prior period adjustment	199,593	(6,055)
Fund balance at beginning of year, as restated	23,878,199	2,394,013
FUND BALANCES AT END OF YEAR	\$ 24,626,844	\$ 3,650,107

See accompanying notes to basic financial statements

Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,308,107	\$ -	\$ 1,100,916	\$ 24,340,036
-	-	-	468,389
83,969	97,150	54,204	1,886,834
-	-	-	10,656,605
-	-	-	1,132,859
3,392,076	97,150	1,155,120	38,484,723
-	-	281,503	19,345,734
-	580,901	362,119	11,469,829
-	-	19,398	268,348
-	-	-	1,015,777
-	10,715,671	-	12,037,840
2,509,900	-	-	2,509,900
888,737	-	-	888,737
3,398,637	11,296,572	663,020	47,536,165
(6,561)	(11,199,422)	492,100	(9,051,442)
-	-	-	442,510
100,212	-	-	-
100,212	-	-	442,510
93,651	(11,199,422)	492,100	(8,608,932)
2,943,361	13,063,289	1,344,711	43,430,035
(8,247)	(47,503)	(2,973)	134,815
2,935,114	13,015,786	1,341,738	43,564,850
\$ 3,028,765	\$ 1,816,364	\$ 1,833,838	\$ 34,955,918

See accompanying notes to basic financial statements

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances - total governmental funds **\$ (8,608,932)**

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	12,618,741
Depreciation expense	(973,787)
Capital outlays	

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of the following:

Change in interest payable	7,568	
Change in deferred inflows/outflows related to pensions	340,410	
Change in net pension liability - IMRF	(1,499,803)	
Change in net pension liability - TRS	1,222,574	
Change in deferred inflows/outflows related to OPEB	(604,498)	
Change in OPEB liability - THIS	<u>(242,309)</u>	(776,058)

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:

Proceeds from capital leases	(442,510)	
Repayment of bond principal	2,430,000	
Repayment of capital lease	79,900	
Bond premium amortization	<u>128,737</u>	2,196,127

Change in net position of governmental activities **\$ 4,456,091**

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Statement of Fiduciary Assets and Liabilities

Agency Fund - Activity Funds

Year Ended June 30, 2019

Assets

Cash	\$ 99,390
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Liabilities

Due to student groups	\$ 25,678
Due to employees	73,712

Total liabilities	\$ 99,390
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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 and the statement of activities) 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 and statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and 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. 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 government-wide financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds are used to account for the District's general governmental activities. Governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available." "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Revenues collected after 60 days are recorded as unavailable revenue. Expenditures are recorded when the related fund liability is incurred. However, unmatured principal and interest on general long-term debt is recognized when due; and certain claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received they are recorded as unearned revenues until earned. In accordance with GASB Statement No. 24, on-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers' Retirement System of the State of Illinois (TRS)) have been recognized in the government-wide financial statements.

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

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

Capital assets, which include land, buildings, buildings improvements, vehicles, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$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. 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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 2018 Levy was passed by the Board on December 18, 2018. 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 2018 and 2017 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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Actual	
	2018	2017
	Levy	Levy
Educational	\$ 3.3932	\$ 3.2216
Tort Immunity	0.0048	0.0358
Special Education	0.4000	0.3992
Operations and Maintenance	0.5500	0.5490
Bond and Interest	0.8098	0.7964
Transportation	0.5563	0.4669
Municipal Retirement	0.0485	0.0740
Social Security	0.0969	0.1134
Fire Prevention and Safety	0.1000	0.0998
Working Cash	0.0500	0.0499
	<u>\$ 6.0095</u>	<u>\$ 5.8060</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.

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.

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, 2019, the carrying amount of the District's Imprest deposit account was \$2,500; the bank balance was \$1,807. This deposit account is categorized in accordance with risk factors created by governmental reporting standards. At June 30, 2019, 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, 2019, the deposits in the student activity and employees flexible benefits accounts had a carrying amount of \$25,678 and \$73,712, respectively, and the bank balances were \$27,626 and \$73,712, respectively. At June 30, 2019, 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, 2019, 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, 2019, the carrying amount of the District's cash and investments was \$35,237,165. 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, 2019

3. CAPITAL ASSETS

A summary of changes in capital assets follows:

	July 1, 2018 (As Restated)	Additions	Deletions	June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 307,362	\$ -	\$ -	\$ 307,362
Total capital assets not being depreciated	307,362	-	-	307,362
Capital assets, being depreciated:				
Buildings and Improvements	25,705,803	11,783,181	-	37,488,984
Equipment	1,335,100	835,560	-	2,170,660
Total capital assets being depreciated	27,040,903	12,618,741	-	39,659,644
Accumulated depreciation for:				
Buildings and Improvements	18,766,318	787,069	-	19,553,387
Equipment and vehicles	1,283,756	186,718	-	1,470,474
Total accumulated depreciation	20,050,074	973,787	-	21,023,861
Total capital assets being depreciated, net	6,990,829	11,644,954	-	18,635,783
Total capital assets, net	\$ 7,298,191	\$ 11,644,954	\$ -	\$ 18,943,145

Depreciation was not charged to any specific function.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

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

	Balance July 1, 2018 (As restated)	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
2010 Refunding Bonds	\$ 2,675,000	\$ -	\$ 625,000	\$ 2,050,000	\$ 660,000
2012 Working Cash Fund and Refunding Bonds	3,420,000	-	640,000	2,780,000	665,000
2017-A Refunding Bonds	7,880,000	-	1,165,000	6,715,000	1,120,000
2018 GO Limited Tax Bonds	8,885,000	-	-	8,885,000	-
Capital Leases	-	442,510	79,900	362,610	83,989
Premium on Bonds	1,113,368	-	128,737	984,631	-
Net Pension Liabilities:					
IMRF	(441,212)	1,499,803	-	1,058,591	-
TRS	2,679,827	-	1,222,574	1,457,253	-
Net OPEB Liability:					
THIS	14,151,649	242,309	-	14,393,958	-
Total Long-Term Debt	<u>\$ 40,363,632</u>	<u>\$ 2,184,622</u>	<u>\$ 3,861,211</u>	<u>\$ 38,687,043</u>	<u>\$ 2,528,989</u>

Cash Flow Requirements

At June 30, 2019, 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 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>\$ 2,050,000</u>	<u>\$ 125,000</u>	<u>\$ 2,175,000</u>
2012 Working Cash Fund and Refunding Bonds, Original Issue of \$9,315,000 Dated March 12, 2012	2020	3.00%	\$ 665,000	\$ 73,425	\$ 738,425
	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>\$ 2,780,000</u>	<u>\$ 169,800</u>	<u>\$ 2,949,800</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

4. GENERAL LONG-TERM DEBT (Continued)

2017-A Refunding Bonds,	Year Ending June 30,	Interest Rates	Principal	Interest	Total
Original Issue of \$8,315,000 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>\$ 6,715,000</u>	<u>\$ 858,300</u>	<u>\$ 7,573,300</u>
	Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018 GO Limited Tax Bonds Original Issue of \$8,885,000 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	370,900	1,185,900
	2027	4.00%	890,000	336,800	1,226,800
	2028	5.00%	960,000	295,000	1,255,000
	2029	5.00%	1,065,000	244,375	1,309,375
	2030	5.00%	1,155,000	188,875	1,343,875
	2031	4.00%	1,245,000	135,100	1,380,100
	2032	4.00%	1,335,000	83,500	1,418,500
	2033	4.00%	1,420,000	28,400	1,448,400
			<u>\$ 8,885,000</u>	<u>\$ 4,006,150</u>	<u>\$12,891,150</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

4. GENERAL LONG-TERM DEBT (Continued)

At June 30, 2019, the annual cash flow requirements of Capital Lease Principal and Interest were as follows:

Capital Leases	Year Ending			Total
	June 30,	Principal	Interest	
	2020	\$ 83,989	\$ 16,223	\$ 100,212
	2021	88,285	11,927	100,212
	2022	92,804	7,408	100,212
	2023	97,532	2,661	100,193
		<u>\$ 362,610</u>	<u>\$ 38,219</u>	<u>\$ 400,829</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, 2019, the statutory debt limit for the District was \$29,322,895 providing a debt margin of \$11,559,050 after taking into account amounts available in the Debt Service Fund.

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, 2019 were \$83,193. The minimum future rental payments under this non-cancelable operating lease, in the aggregate are:

Year Ending	Amount
June 30,	
2020	\$ 83,193
2021	13,866
	<u>\$ 97,059</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/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier I members have TRS or reciprocal system service prior to January 1, 2011. Tier I members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2% 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, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2018, 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, 2019, 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 \$5,844,478 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, 2019 were \$78,687, and are deferred because they were paid after the June 30, 2018 measurement date.

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, 2019.

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, 2019, the employer pension contribution was 9.85% of salaries paid from federal and special trust funds. For the year ended June 30, 2019, salaries totaling \$625,355 were paid from the federal and special trust funds that required employer contributions of \$61,598. These contributions are deferred because they were paid after the June 30, 2018 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 granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2019, the District paid \$6,415 for salary increases in excess of 3%, and made no payments for salary increases in excess of 6% or 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, 2019, 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	\$ 1,457,253
State's proportionate share of the net pension liability associated with the District	99,827,965
Total	<u>\$ 101,285,218</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. 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, 2018, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2018, the District's proportion was 0.00187%, which was a decrease of 0.00164% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$9,543,718 and revenue of \$9,543,718 for support provided by the state. At June 30, 2019, 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	\$ 29,288	\$ 318
Changes in assumptions	63,914	41,302
Net difference between projected and actual earnings on pension plan investments	-	4,462
Changes in proportion and differences between District contributions and proportionate share of contributions	183,176	980,234
District contributions subsequent to the measurement date	146,700	-
Total	<u>\$ 423,078</u>	<u>\$ 1,026,316</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

\$146,700 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, 2020. 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
2019	\$ (111,541)
2020	(136,360)
2021	(188,115)
2022	(214,488)
2023	(99,434)
Thereafter	-
Total	<u>\$ (749,938)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 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-2017. In the June 30, 2017 valuation, the rates were used on a fully-generational basis using projection table MP-2014.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	15.0%	6.7%
U.S. equities small/mid cap	2.0%	7.9%
International equities developed	13.6%	7.0%
Emerging market equities	3.4%	9.4%
U.S. bonds core	8.0%	2.2%
U.S. bonds high-yield	4.2%	4.4%
International debt developed	2.2%	1.3%
Emerging international debt	2.6%	4.5%
Real estate	16.0%	5.4%
Commodities (real return)	4.0%	1.8%
Hedge funds (absolute return)	14.0%	3.9%
Private Equity	15.0%	10.2%
	<u>100.0%</u>	

Discount rate

At June 30, 2019, the discount rate used to measure the total pension liability was 7.0%, which was the same as the June 30, 2018 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2019 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.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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	\$ 1,787,184	\$ 1,457,253	\$ 1,191,560

Detailed information about the TRS's fiduciary net position as of June 30, 2018 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. 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.

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Notes to Financial Statements

June 30, 2019

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Plan Membership*

As of December 31, 2018, 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	214
Active employees	<u>82</u>
Total	<u><u>368</u></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 2018 and 2019 were 7.23% and 5.64% 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 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%
Investment rate of return	7.25%
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.

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	37.0%	7.15%
International Equity	18.0%	7.25%
Fixed Income	28.0%	3.75%
Real Estate	9.0%	6.25%
Alternative Investments	7.0%	3.20-8.50%
Cash Equivalents	1.0%	2.50%
	<u>100.0%</u>	

Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

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Notes to Financial Statements

June 30, 2019

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Changes in Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2017	\$ 9,888,202	\$ 10,329,414	\$ (441,212)
Changes for the year:			
Service Cost	275,096	-	275,096
Interest on the Total Pension Liability	728,693	-	728,693
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	133,051	-	133,051
Changes of Assumptions	280,447	-	280,447
Contributions - Employer	-	232,068	(232,068)
Contributions - Employees	-	144,440	(144,440)
Net Investment Income	-	(605,977)	605,977
Benefit Payments, including Refunds of Employee Contributions	(619,688)	(619,688)	-
Other (Net Transfer)	-	146,953	(146,953)
Net Changes	797,599	(702,204)	1,499,803
Balances at December 31, 2018	\$ 10,685,801	\$ 9,627,210	\$ 1,058,591

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 2,328,458	\$ 1,058,591	\$ 13,272

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2019, the District recognized pension expense of \$340,727. At June 30, 2019, 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	\$ 122,900	\$ -
Changes in assumptions	161,194	56,149
Net difference between projected and actual earnings on pension plan investments	1,244,078	552,051
Contributions subsequent to the measurement date	99,112	-
Total	<u>\$ 1,627,284</u>	<u>\$ 608,200</u>

\$99,112 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 December 31	Net Deferred Outflows of Resources
2019	\$ 388,732
2020	164,427
2021	91,398
2022	275,415
2023	-
Thereafter	-
Total	<u>\$ 919,972</u>

7. OTHER POSTEMPLOYMENT BENEFITS

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

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 1.24% of salary and for every employer of a teacher to contribute an amount equal to 0.92% 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.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 1.24% of pay during the year ended June 30, 2019. State of Illinois contributions were \$168,227, 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 0.92% during the year ended June 30, 2019. For the year ended June 30, 2019, the District paid \$124,813 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, 2019, 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	\$	14,393,958
State's proportionate share of the net OPEB liability associated with the District		19,328,128
Total	\$	<u>33,722,086</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018. 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, 2018, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2018, the District's proportion was 0.054635%, which was an increase of 0.000100% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$963,722.

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Notes to Financial Statements

June 30, 2019

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2019, 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	\$ -	\$ 51,646
Changes in assumptions	-	2,096,002
Net difference between projected and actual earnings on OPEB plan investments	-	442
Changes in proportion and differences between District contributions and proportionate share of contributions	1,054,017	6,893
Total deferred amounts to be recognized in OPEB expense in future periods	1,054,017	2,154,983
District contributions subsequent to the measurement date	124,813	-
Total	<u>\$ 1,178,830</u>	<u>\$ 2,154,983</u>

\$124,183 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, 2020. 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
2019	\$ (169,129)
2020	(169,129)
2021	(169,129)
2022	(169,129)
2023	(169,104)
2024	(169,104)
Thereafter	(86,242)
Total	<u>\$ (1,100,966)</u>

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.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)*Actuarial Assumptions*

The total OPEB liability in the June 30, 2018 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 2018. For fiscal years on and after 2019, 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 0.36% is added to non-Medicare costs on and after 2022 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, 2017 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 3.56% as of June 30, 2017, and 3.62% as of June 30, 2018. The increase in the single discount rate from 3.56% to 3.62% caused the total OPEB liability to decrease by approximately \$285 million from 2017 to 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 3.62%, 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 (2.62%) or 1-percentage-point higher (4.62%) than the current rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
District's proportionate share of the net OPEB liability	\$ 17,307,078	\$ 14,393,958	\$ 12,094,289

The following presents what the District's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, 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 or 1-percentage-point higher than the current healthcare cost trend rates. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026 for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage:

	1% Decrease (a)	Healthcare Cost Trend Rate Assumptions	1% Increase (b)
District's proportionate share of the net OPEB liability	\$ 11,671,169	\$ 14,393,958	\$ 18,062,208

- (a) One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.86% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.86% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 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. 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:

10. 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, 2019, 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, 2019, the cumulative technology leasing disbursements have exceeded related cumulative receipts in the general (education) fund and, accordingly, there is no June 30, 2019 fund balance of the general (education) fund is restricted for future technology leasing disbursements.

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 \$1,458,053.

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, 2019, 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 \$259,351. 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.

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 nor 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.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Notes to Financial Statements

June 30, 2019

12. CHANGES IN ACCOUNTING PRINCIPLES

During the year, the District changed its accounting method from the modified cash basis to the modified accrual basis. The District believes that the new method more closely reflects its financial position and results of operations. As a result of the change, the District reported the following changes to fund balances on the fund financial statements:

Fund	Beginning Fund Balance, as Previously Reported	Prior Period Adjustment	Beginning Fund Balance, as Restated
General Fund:			
Educational Account	\$ 13,861,646	\$ 253,598	\$ 14,115,244
Operations and Maintenance Account	4,174,498	(53,117)	4,121,381
Working Cash Account	4,117,663	(517)	4,117,146
Tort Immunity Account	1,524,799	(371)	1,524,428
Transportation Fund	2,400,068	(6,055)	2,394,013
Debt Service Fund	2,943,361	(8,247)	2,935,114
Capital Projects Fund	13,063,289	(47,503)	13,015,786
Municipal Retirement/Social Security Fund	998,232	(1,940)	996,292
Fire Prevention and Safety Fund	346,479	(1,033)	345,446
	<u>\$ 43,430,035</u>	<u>\$ 134,815</u>	<u>\$ 43,564,850</u>

The District also reported changes to its government-wide net position to recognize net pension liabilities, (\$2,238,615); deferred items related to pensions, \$75,436; net OPEB liabilities, (\$14,151,649); deferred items related to OPEB, (\$371,655); and interest payable (\$76,001).

The District restated the cost and the accumulated depreciation related to its capital assets due to a physical inventory of its capital asset inventory. The restatement decreased the carrying value of capital assets by \$45,524,382.

In total, the District's governmental activities recognized a prior period adjustment of \$62,152,051.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - General Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources	\$ 19,448,401	\$ 19,548,401	\$ 19,789,355	\$ 240,954
State sources	7,984,520	11,284,520	10,324,715	(959,805)
Federal sources	1,656,073	1,171,150	1,132,859	(38,291)
Total Revenues	29,088,994	32,004,071	31,246,929	(757,142)
EXPENDITURES				
Current operating				
Instruction	16,445,356	19,704,912	19,064,231	(640,681)
Support services	9,729,988	9,753,994	9,189,455	(564,539)
Community services	741,058	282,930	248,950	(33,980)
Non-programmed charges	900,000	905,000	1,015,777	110,777
Capital outlay	1,473,232	1,436,440	1,322,169	(114,271)
Contingencies	220,000	220,000	-	(220,000)
Total Expenditures	29,509,634	32,303,276	30,840,582	(1,462,694)
Excess (deficiency) of revenues over expenditures	(420,640)	(299,205)	406,347	705,552
Other financing sources (uses)				
Proceeds from capital leases	-	-	442,510	442,510
Transfers	-	-	(100,212)	(100,212)
Total other financing sources (uses)	-	-	342,298	342,298
Net change in fund balance	<u>\$ (420,640)</u>	<u>\$ (299,205)</u>	748,645	<u>\$ 1,047,850</u>
Fund balance at beginning of year, as originally stated			23,678,606	
Prior period adjustment			199,593	
Fund balance at beginning of year, as restated			<u>23,878,199</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 24,626,844</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, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources	\$ 2,137,078	\$ 2,137,078	\$ 2,284,690	\$ 147,612
State sources	234,000	309,056	308,758	(298)
Total Revenues	2,371,078	2,446,134	2,593,448	147,314
EXPENDITURES				
Current operating				
Support services	1,244,693	1,529,693	1,337,354	(192,339)
Provision for contingencies	30,000	30,000	-	(30,000)
Total Expenditures	1,274,693	1,559,693	1,337,354	(222,339)
Excess (deficiency) of revenues over expenditures	1,096,385	886,441	1,256,094	369,653
Other financing sources (uses)				
Transfers	(2,000,000)	-	-	-
Total other financing sources (uses)	(2,000,000)	-	-	-
Net change in fund balance	<u>\$ (903,615)</u>	<u>\$ 886,441</u>	1,256,094	<u>\$ 369,653</u>
Fund balance at beginning of year, as originally stated			2,400,068	
Prior period adjustment			(6,055)	
Fund balance at beginning of year, as restated			<u>2,394,013</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3,650,107</u>	

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

The budget is prepared on the accrual 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 August 21, 2018 and amended on June 11, 2019.
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.

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 Five Calendar Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 275,096	\$ 278,617	\$ 241,379	\$ 210,006	\$ 226,590
Interest	728,693	703,840	666,124	620,872	581,844
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	133,051	289,944	100,876	225,992	(222,909)
Changes of Assumptions	280,447	(350,661)	-	-	353,574
Benefit Payments, Including Refunds of Member Contributions	(619,688)	(557,524)	(490,704)	(447,702)	(373,150)
Net Change in Total Pension Liability	797,599	364,216	517,675	609,168	565,949
Total Pension Liability - Beginning	9,888,202	9,523,986	9,006,311	8,397,143	7,831,194
Total Pension Liability- Ending	\$10,685,801	\$ 9,888,202	\$ 9,523,986	\$ 9,006,311	\$ 8,397,143
Plan Fiduciary Net Position					
Contributions - Employer	\$ 232,068	\$ 217,305	\$ 204,949	\$ 202,331	\$ 173,028
Contributions - Member	144,440	130,731	117,188	104,774	98,872
Net Investment Income	(605,977)	1,587,412	583,239	42,707	499,508
Benefit Payments, Including Refunds of Member Contributions	(619,688)	(557,524)	(490,704)	(447,702)	(373,150)
Other	146,953	(101,899)	63,905	61,095	(25,939)
Net Change in Plan Fiduciary Net Position	(702,204)	1,276,025	478,577	(36,795)	372,319
Plan Net Position - Beginning	10,329,414	9,053,389	8,574,812	8,611,607	8,239,288
Plan Net Position- Ending	\$ 9,627,210	\$10,329,414	\$ 9,053,389	\$ 8,574,812	\$ 8,611,607
Employer's Net Position Liability (Asset)	\$ 1,058,591	\$ (441,212)	\$ 470,597	\$ 431,499	\$ (214,464)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.09%	104.46%	95.06%	95.21%	102.55%
Covered Payroll	\$ 3,209,782	\$ 2,905,139	\$ 2,604,176	\$ 2,328,308	\$ 1,974,037
Employer's Net Pension Liability as a Percentage of Covered Payroll	32.98%	-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 Five 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
2018	\$ 232,067	\$ 232,068	\$ (1)	\$ 3,209,782	7.23%
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	166,214	173,028	(6,814)	1,974,037	8.77%

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 Five Fiscal Years

	2019*	2018*	2017*	2016*	2015*
District's proportion of the net pension liability	0.00187%	0.00351%	0.00323%	0.00308%	0.00289%
District's proportionate share of the net pension liability	\$ 1,457,253	\$ 2,679,827	\$ 2,550,794	\$ 2,016,067	\$ 1,755,810
State's proportionate share of the net pension liability associated the District	99,827,965	88,671,492	90,206,764	70,742,238	65,635,237
Total	<u>\$ 101,285,218</u>	<u>\$ 91,351,319</u>	<u>\$ 92,757,558</u>	<u>\$ 72,758,305</u>	<u>\$ 67,391,047</u>
District's covered payroll	\$ 12,940,445	\$ 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	11.26%	23.31%	23.38%	18.90%	16.97%
Plan fiduciary net position as a percentage of the total pension liability	40.00%	39.30%	36.44%	41.47%	42.95%

Notes to Schedule*Changes of assumptions*

For the 2018, 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, but the rates of increase in the 2018 measurement year were slightly higher.

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.

* 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 Five 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
2019	\$ 146,700	\$ 146,700	\$ -	\$ 13,566,683	1.08%
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
Last Two Fiscal Years

	2019*	2018*
District's proportion of the net OPEB liability	0.054635%	0.054535%
District's proportionate share of the net OPEB liability	\$ 14,393,958	\$ 14,151,649
State's proportionate share of the net OPEB liability associated with the District	19,328,128	18,584,631
Total	<u>\$ 33,722,086</u>	<u>\$ 32,736,280</u>
District's covered payroll	\$ 12,940,445	\$ 11,496,352
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	111.23%	123.10%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07%	-0.17%

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

of the previous fiscal year end.

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Employer Contributions

Teachers' Health Insurance Security Fund

Last Two 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
2019	\$ 124,813	\$ 124,813	\$ -	\$ 13,566,683	0.92%
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

Balance Sheet by Account

General Fund

June 30, 2019

	Educational	Operations and Maintenance	Working Cash	Tort Immunity	Total General
ASSETS					
Cash and investments	\$ 14,748,544	\$ 4,172,096	\$ 4,432,020	\$ 1,458,376	\$ 24,811,036
Accounts receivable					
Property tax receivable	7,643,702	1,108,318	100,756	9,872	8,862,648
Intergovernmental accounts receivable	322,109	-	-	-	322,109
Other assets	10	-	-	-	10
TOTAL ASSETS	\$ 22,714,365	\$ 5,280,414	\$ 4,532,776	\$ 1,468,248	\$ 33,995,803
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 47,268	\$ 3,813	\$ -	\$ -	\$ 51,081
Employee benefits payable	62,659	-	-	-	62,659
Total Liabilities	109,927	3,813	-	-	113,740
Deferred inflows of resources					
Deferred property tax revenue	7,898,662	1,145,286	104,117	10,195	9,158,260
Other deferred revenue	96,959	-	-	-	96,959
Total deferred inflows of resources	7,995,621	1,145,286	104,117	10,195	9,255,219
Fund balances					
Restricted					
Liability insurance	-	-	-	1,458,053	1,458,053
Unassigned	14,608,817	4,131,315	4,428,659	-	23,168,791
Total Fund Balances	14,608,817	4,131,315	4,428,659	1,458,053	24,626,844
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,714,365	\$ 5,280,414	\$ 4,532,776	\$ 1,468,248	\$ 33,995,803

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues, Expenditures and Changes

In Fund Balances by Account

General Fund

Year Ended June 30, 2019

	Educational	Operations and Maintenance	Working Cash	Tort Immunity	Total General
REVENUES					
Local sources	\$ 16,956,246	\$ 2,400,065	\$ 311,513	\$ 121,531	\$ 19,789,355
State sources	10,324,715	-	-	-	10,324,715
Federal sources	1,132,859	-	-	-	1,132,859
Total Revenues	28,413,820	2,400,065	311,513	121,531	31,246,929
EXPENDITURES					
Current operating					
Instruction	19,064,231	-	-	-	19,064,231
Support services	7,060,343	1,941,206	-	187,906	9,189,455
Community services	248,950	-	-	-	248,950
Non-programmed charges	1,015,777	-	-	-	1,015,777
Capital outlay	873,244	448,925	-	-	1,322,169
Total Expenditures	28,262,545	2,390,131	-	187,906	30,840,582
Excess (deficiency) of revenues over expenditures	151,275	9,934	311,513	(66,375)	406,347
Other financing sources (uses)					
Proceeds from capital leases	442,510	-	-	-	442,510
Transfers out	(100,212)	-	-	-	(100,212)
Total other financing sources (uses)	342,298	-	-	-	342,298
Net change in fund balance	493,573	9,934	311,513	(66,375)	748,645
Fund balance at beginning of year, as originally stated	13,861,646	4,174,498	4,117,663	1,524,799	23,678,606
Prior period adjustment	253,598	(53,117)	(517)	(371)	199,593
Fund balance at beginning of year, as restated	14,115,244	4,121,381	4,117,146	1,524,428	23,878,199
FUND BALANCE AT END OF YEAR	\$ 14,608,817	\$ 4,131,315	\$ 4,428,659	\$ 1,458,053	\$ 24,626,844

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 13,631,876	\$13,631,876	\$ 13,642,371	\$ 10,495
Special education levy	1,684,584	1,684,584	1,648,889	(35,695)
Corporate personal property replacement taxes	420,000	420,000	489,098	69,098
Tuition	101,600	201,600	164,976	(36,624)
Earnings on investments	320,000	320,000	405,700	85,700
Food services	140,000	140,000	149,394	9,394
Pupil activities and textbooks	56,000	56,000	59,065	3,065
Contributions and donations from private sources	-	-	636	636
Refund of prior years' expenditures	-	-	251,492	251,492
Other local revenues	168,000	168,000	144,625	(23,375)
Total local sources	16,522,060	16,622,060	16,956,246	334,186
State sources				
Unrestricted				
Evidence based funding formula	3,763,225	3,763,225	3,763,226	1
Restricted				
Special education:				
Private facility tuition	15,000	15,000	23,368	8,368
Orphanage	-	-	5,082	5,082
State free lunch and breakfast	5,000	5,000	6,340	1,340
Education block grant	501,295	501,295	512,795	11,500
State charter schools	-	-	1,199	1,199
On behalf payments - State of Illinois	3,700,000	7,000,000	6,012,705	(987,295)
Total state sources	\$ 7,984,520	\$11,284,520	\$ 10,324,715	\$ (959,805)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Federal sources				
Restricted				
School lunch programs	\$ -	\$ -	\$ 316,698	\$ 316,698
Special breakfast program	-	-	68,256	68,256
Child and adult care food program	300,000	300,000	-	(300,000)
Food service - other	60,000	60,000	-	(60,000)
Other restricted grants-in-aid	500,000	-	-	-
Title I - low income	601,000	621,438	474,486	(146,952)
Title IV - Safe & Drug Free Schools Formula	36,792	13,418	13,418	-
Title IV - 21st Century	20,000	20,000	19,098	(902)
Federal - special education				
I.D.E.A. flow-through	5,000	5,000	73,600	68,600
I.D.E.A. room & board	-	-	14,710	14,710
Title III - immigrant education program (IEP)	7,000	-	-	-
Title III - language instruction program - limited english (LIPLEP)	59,000	54,460	54,460	-
Title II - teacher quality	67,281	96,834	98,133	1,299
Total federal sources	1,656,073	1,171,150	1,132,859	(38,291)
Total revenues	26,162,653	29,077,730	28,413,820	(663,910)
EXPENDITURES				
Current operating				
Instruction				
Regular programs				
Salaries	7,876,344	7,846,345	8,081,488	235,143
Employee benefits	698,833	698,833	884,643	185,810
On behalf payments - State of Illinois	3,700,000	7,000,000	6,012,705	(987,295)
Purchased services	154,640	215,118	129,668	(85,450)
Supplies and materials	328,352	334,874	194,296	(140,578)
Capital outlay	56,792	20,000	19,682	(318)
Other	16,000	16,000	21,731	5,731
Total	\$ 12,830,961	\$ 16,131,170	\$ 15,344,213	\$ (786,957)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Prekindergarten programs				
Salaries	\$ 547,448	\$ 547,448	\$ 598,231	\$ 50,783
Employee benefits	36,941	36,941	112,223	75,282
Purchased services	1,200	1,200	604	(596)
Supplies and materials	16,500	8,199	20,916	12,717
Capital Outlay	28,165	1,380	2,743	1,363
Total	630,254	595,168	734,717	139,549
Special education programs				
Salaries	1,366,349	1,338,329	1,377,058	38,729
Employee benefits	173,191	173,192	197,995	24,803
Supplies and materials	22,500	22,500	11,245	(11,255)
Total	1,562,040	1,534,021	1,586,298	52,277
Special education prekindergarten programs				
Supplies and materials	3,000	3,000	1,729	(1,271)
Total	3,000	3,000	1,729	(1,271)
Remedial and supplemental programs				
Salaries	120,690	75,750	78,517	2,767
Employee benefits	8,194	8,194	15,552	7,358
Purchased services	60,000	60,000	56,370	(3,630)
Supplies and materials	52,000	70,000	35,923	(34,077)
Total	240,884	213,944	186,362	(27,582)
Interscholastic programs				
Salaries	401,203	401,203	352,324	(48,879)
Employee benefits	25,980	25,980	3,750	(22,230)
Purchased services	8,000	8,000	5,740	(2,260)
Total	\$ 435,183	\$ 435,183	\$ 361,814	\$ (73,369)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Summer school				
Salaries	\$ -	\$ 12,600	\$ -	\$ (12,600)
Supplies and materials	10,000	10,000	-	(10,000)
Total	10,000	22,600	-	(22,600)
Bilingual				
Salaries	658,384	658,384	777,714	119,330
Employee benefits	71,956	71,956	92,683	20,727
Purchased services	1,000	1,000	958	(42)
Supplies and materials	58,486	58,486	168	(58,318)
Total	789,826	789,826	871,523	81,697
Total instruction	16,502,148	19,724,912	19,086,656	(638,256)
Support services				
Pupils				
Attendance and social work				
Salaries	569,408	569,408	611,932	42,524
Employee benefits	76,072	76,072	90,707	14,635
Supplies and materials	3,500	3,500	2,006	(1,494)
Total	648,980	648,980	704,645	55,665
Health services				
Salaries	173,230	173,230	134,615	(38,615)
Employee benefits	15,510	15,510	11,726	(3,784)
Supplies and materials	3,750	3,750	2,809	(941)
Total	192,490	192,490	149,150	(43,340)
Psychological services				
Salaries	298,543	298,543	302,365	3,822
Employee benefits	28,691	28,691	28,522	(169)
Supplies and materials	3,000	3,000	2,160	(840)
Total	\$ 330,234	\$ 330,234	\$ 333,047	\$ 2,813

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Speech pathology and audiology services				
Salaries	\$ 304,208	\$ 304,208	\$ 339,780	\$ 35,572
Employee benefits	25,927	25,927	38,730	12,803
Supplies and materials	3,500	3,500	1,872	(1,628)
Total	333,635	333,635	380,382	46,747
Other support services - pupils				
Salaries	132,011	132,011	124,384	(7,627)
Employee benefits	10,127	10,127	7,941	(2,186)
Supplies and materials	3,660	3,660	3,017	(643)
Total	145,798	145,798	135,342	(10,456)
Total pupils	1,651,137	1,651,137	1,702,566	51,429
Instructional staff				
Improvement of instruction services				
Salaries	168,926	280,932	221,700	(59,232)
Employee benefits	96,999	103,766	82,907	(20,859)
Purchased services	149,698	93,049	88,655	(4,394)
Total	415,623	477,747	393,262	(84,485)
Educational media services				
Salaries	200,116	200,116	204,952	4,836
Employee benefits	33,263	33,263	34,478	1,215
Supplies and materials	27,565	27,565	40,039	12,474
Total	260,944	260,944	279,469	18,525
Assessment and testing				
Purchased services	21,500	21,500	21,438	(62)
Total	21,500	21,500	21,438	(62)
Total instructional staff	\$ 698,067	\$ 760,191	\$ 694,169	\$ (66,022)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
General administration				
Board of education services				
Purchased services	\$ 272,000	\$ 272,000	\$ 182,823	\$ (89,177)
Supplies and materials	25,000	25,000	1,850	(23,150)
Other	10,000	10,000	12,814	2,814
Total	307,000	307,000	197,487	(109,513)
Executive administration services				
Salaries	280,201	280,201	282,034	1,833
Employee benefits	42,994	42,994	54,411	11,417
Purchased services	10,250	10,250	2,907	(7,343)
Supplies and materials	2,000	2,000	-	(2,000)
Other	4,000	4,000	1,283	(2,717)
Total	339,445	339,445	340,635	1,190
Total general administration	646,445	646,445	538,122	(108,323)
School administration				
Office of the principal services				
Salaries	977,743	977,743	985,031	7,288
Employee benefits	148,794	148,794	184,268	35,474
Purchased services	15,000	15,000	8,098	(6,902)
Supplies and materials	2,500	2,500	1,917	(583)
Other	7,500	7,500	2,528	(4,972)
Total	1,151,537	1,151,537	1,181,842	30,305
Total school administration	1,151,537	1,151,537	1,181,842	30,305
Business				
Direction of business support services				
Salaries	114,383	114,383	114,383	-
Employee benefits	23,766	23,766	28,751	4,985
Purchased services	4,000	4,000	3,528	(472)
Supplies and materials	1,000	1,000	-	(1,000)
Other	2,000	2,000	1,085	(915)
Total	\$ 145,149	\$ 145,149	\$ 147,747	\$ 2,598

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Fiscal services				
Salaries	\$ 214,422	\$ 214,422	\$ 234,138	\$ 19,716
Employee benefits	28,969	28,969	31,898	2,929
Purchased services	44,000	44,000	207,006	163,006
Supplies and materials	3,000	3,000	16,606	13,606
Other	2,000	2,000	345	(1,655)
Total	292,391	292,391	489,993	197,602
Operation and maintenance of plant services				
Purchased services	300,000	300,000	212,907	(87,093)
Capital outlay	-	-	442,510	442,510
Total	300,000	300,000	655,417	355,417
Pupil transportation services				
Purchased services	-	-	2,461	2,461
Total	-	-	2,461	2,461
Food services				
Salaries	109,682	109,682	109,682	-
Employee benefits	12,743	12,743	12,787	44
Purchased services	510,000	510,000	472,980	(37,020)
Supplies and materials	18,000	14,000	10,666	(3,334)
Capital outlay	5,000	5,000	-	(5,000)
Total	655,425	651,425	606,115	(45,310)
Total business	1,392,965	1,388,965	1,901,733	512,768
Central				
Direction of central support services				
Salaries	176,964	176,964	177,964	1,000
Employee benefits	28,388	28,388	33,717	5,329
Purchased services	10,000	10,000	2,849	(7,151)
Supplies and materials	5,000	5,000	496	(4,504)
Other	1,500	1,500	269	(1,231)
Total	\$ 221,852	\$ 221,852	\$ 215,295	\$ (6,557)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Planning, research, development, and evaluation services				
Salaries	\$ 733,621	\$ 733,622	\$ 333,924	\$ (399,698)
Employee benefits	90,832	90,833	52,199	(38,634)
Purchased services	149,000	144,000	121,418	(22,582)
Supplies and materials	78,000	78,000	32,884	(45,116)
Other	27,000	27,000	1,790	(25,210)
Total	1,078,453	1,073,455	542,215	(531,240)
Staff services				
Salaries	-	-	2,250	2,250
Total	-	-	2,250	2,250
Data processing services				
Salaries	525,788	525,788	526,626	838
Employee benefits	40,723	40,723	53,038	12,315
Purchased services	86,000	86,000	91,405	5,405
Supplies and materials	80,999	80,999	40,945	(40,054)
Capital outlay	426,320	426,320	408,309	(18,011)
Other	1,000	1,000	-	(1,000)
Total	1,160,830	1,160,830	1,120,323	(40,507)
Total central	2,461,135	2,456,137	1,880,083	(576,054)
Other support services				
Salaries	-	-	1,200	1,200
Employee benefits	-	-	10,161	10,161
Supplies and materials	15,000	12,500	1,286	(11,214)
Total	15,000	12,500	12,647	147
Total support services	\$ 8,016,286	\$ 8,066,912	\$ 7,911,162	\$ (155,750)

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Educational Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Community services				
Salaries	\$ 623,151	\$ 198,226	\$ 141,934	\$ (56,292)
Employee benefits	11,780	16,880	17,812	932
Purchased services	93,027	50,306	77,568	27,262
Supplies and materials	13,100	17,518	11,426	(6,092)
Other	-	-	210	210
Total community services	741,058	282,930	248,950	(33,980)
Non-programmed charges				
Payments for special education programs				
Purchased services	-	5,000	-	(5,000)
Other objects	900,000	900,000	1,015,777	115,777
Total non-programmed charges	900,000	905,000	1,015,777	110,777
Provisions for contingencies	200,000	200,000	-	(200,000)
Total expenditures	26,359,492	29,179,754	28,262,545	(917,209)
Excess (deficiency) of revenues over expenditures	(196,839)	(102,024)	151,275	253,299
Other financing sources (uses)				
Proceeds from capital leases	-	-	442,510	442,510
Transfers	-	-	(100,212)	(100,212)
Total other financing sources (uses)	-	-	342,298	342,298
Net change in fund balance	\$ (196,839)	\$ (102,024)	493,573	\$ 595,597
Fund balance at beginning of year, as originally stated			13,861,646	
Prior period adjustment			253,598	
Fund balance at beginning of year, as restated			14,115,244	
FUND BALANCE AT END OF YEAR			\$ 14,608,817	

(Concluded)

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, 2019 with Comparative Actual Totals for 2018

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 2,316,303	\$ 2,316,303	\$ 2,267,426	\$ (48,877)
Earnings on investments	72,000	72,000	105,199	33,199
Rentals	-	-	23,000	23,000
Other local revenues	10,000	10,000	4,440	(5,560)
Total local sources	2,398,303	2,398,303	2,400,065	1,762
Total revenues	2,398,303	2,398,303	2,400,065	1,762
EXPENDITURES				
Current operating				
Support services				
Operations and maintenance of plant services				
Salaries	743,545	743,545	780,153	36,608
Employee benefits	119,138	119,138	139,796	20,658
Purchased services	576,000	576,000	513,732	(62,268)
Supplies and materials	454,500	454,500	507,525	53,025
Capital outlay	985,120	985,120	448,925	(536,195)
Total	2,878,303	2,878,303	2,390,131	(488,172)
Total support services	2,878,303	2,878,303	2,390,131	(488,172)
Provisions for contingencies	20,000	20,000	-	(20,000)
Total expenditures	2,898,303	2,898,303	2,390,131	(508,172)
Excess (deficiency) of revenues over expenditures	(500,000)	(500,000)	9,934	509,934
Net change in fund balance	\$ (500,000)	\$ (500,000)	9,934	\$ 509,934
Fund balance at beginning of year, as originally stated			4,174,498	
Prior period adjustment			(53,117)	
Fund balance at beginning of year, as restated			4,121,381	
FUND BALANCE AT END OF YEAR			\$ 4,131,315	

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Working Cash Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 210,573	\$ 210,573	\$ 206,113	\$ (4,460)
Earnings on investments	140,000	140,000	105,400	(34,600)
Total local sources	350,573	350,573	311,513	(39,060)
Total revenues received	350,573	350,573	311,513	(39,060)
Excess of revenues over expenditures	350,573	350,573	311,513	(39,060)
Net change in fund balance	<u>\$ 350,573</u>	<u>\$ 350,573</u>	311,513	<u>\$ (39,060)</u>
Fund balance at beginning of year, as originally stated			4,117,663	
Prior period adjustment			<u>(517)</u>	
Fund balance at beginning of year, as restated			<u>4,117,146</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$ 4,428,659</u></u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Tort Immunity Account
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 151,465	\$ 151,465	\$ 81,485	\$ (69,980)
Earnings on investments	26,000	26,000	38,410	12,410
Other local revenues	-	-	1,636	1,636
Total local sources	177,465	177,465	121,531	(55,934)
Total revenues	177,465	177,465	121,531	(55,934)
EXPENDITURES				
Current operating				
Support services				
Workers compensation insurance				
Purchased services	80,000	80,000	-	(80,000)
Total workers compensation	80,000	80,000	-	(80,000)
Unemployment insurance				
Purchased services	60,000	30,000	-	(30,000)
Total unemployment insurance	60,000	30,000	-	(30,000)
Insurance payments				
Purchased services	65,000	65,000	-	(65,000)
Total insurance	65,000	65,000	-	(65,000)
Educational, inspectional, supervisory services				
Salaries	46,839	50,219	43,472	(6,747)
Employee benefits	-	-	144,434	144,434
Total educational, inspectional, supervisory services	46,839	50,219	187,906	137,687
Total support services	251,839	225,219	187,906	(37,313)
Total expenditures	251,839	225,219	187,906	(37,313)
Excess (deficiency) of revenues over expenditures	\$ (74,374)	\$ (47,754)	(66,375)	\$ (18,621)
Fund balance at beginning of year, as originally stated			1,524,799	
Prior period adjustment			(371)	
Fund balance at beginning of year, as restated			1,524,428	
FUND BALANCE AT END OF YEAR			\$ 1,458,053	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Debt Service Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 3,174,224	\$ 3,174,224	\$ 3,308,107	\$ 133,883
Earnings on investments	56,000	56,000	83,969	27,969
Total local sources	3,230,224	3,230,224	3,392,076	161,852
Total revenues	3,230,224	3,230,224	3,392,076	161,852
EXPENDITURES				
Debt service				
Principal retirement	3,181,936	3,181,936	2,509,900	(672,036)
Interest on bonds	114,664	850,000	886,912	36,912
Other	-	-	1,825	1,825
Total expenditures	3,296,600	4,031,936	3,398,637	(633,299)
Excess (deficiency) of revenues over expenditures	(66,376)	(801,712)	(6,561)	795,151
Other financing sources (uses)				
Transfers	-	-	100,212	100,212
Total other financing sources (uses)	-	-	100,212	100,212
Net change in fund balance	\$ (66,376)	\$ (801,712)	93,651	\$ 895,363
Fund balance at beginning of year, as originally stated			2,943,361	
Prior period adjustment			(8,247)	
Fund balance at beginning of year, as restated			2,935,114	
FUND BALANCE AT END OF YEAR			<u>\$ 3,028,765</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Special Revenue Fund - Transportation Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 1,956,078	\$ 1,956,078	\$ 2,084,729	\$ 128,651
Transportation fees	90,000	90,000	94,954	4,954
Earnings on investments	91,000	91,000	81,875	(9,125)
Other	-	-	23,132	23,132
Total local sources	2,137,078	2,137,078	2,284,690	147,612
State sources				
Restricted				
Transportation aid - regular	4,000	25,522	25,499	(23)
Transportation aid - special education	230,000	283,534	283,259	(275)
Total state sources	234,000	309,056	308,758	(298)
Total revenues	2,371,078	2,446,134	2,593,448	147,314
EXPENDITURES				
Current operating				
Support services				
Pupil transportation services				
Salaries	8,675	8,675	8,675	-
Employee benefits	518	518	238	(280)
On-behalf payments	-	-	393	393
Purchased services	1,235,000	1,520,000	1,328,048	(191,952)
Supplies and materials	500	500	-	(500)
Total support services	1,244,693	1,529,693	1,337,354	(192,339)
Provisions for contingencies	30,000	30,000	-	(30,000)
Total expenditures	1,274,693	1,559,693	1,337,354	(222,339)
Excess of revenues over expenditures	1,096,385	886,441	1,256,094	369,653
Other financing (uses)				
Transfers	(2,000,000)	-	-	-
Total other financing (uses)	(2,000,000)	-	-	-
Net change in fund balance	\$ (903,615)	\$ 886,441	1,256,094	\$ 369,653
Fund balance at beginning of year, as originally stated			2,400,068	
Prior period adjustment			(6,055)	
Fund balance at beginning of year, as restated			2,394,013	
FUND BALANCE AT END OF YEAR			<u>\$ 3,650,107</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Capital Projects Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Earnings on investments	\$ 180,000	\$ 180,000	\$ 97,150	\$ (82,850)
Total local sources	180,000	180,000	97,150	(82,850)
Total revenues	180,000	180,000	97,150	(82,850)
EXPENDITURES				
Current operating				
Support services				
Facilities acquisition and construction				
Purchased services	1,000,000	500,000	580,901	80,901
Capital outlay	10,000,000	11,000,000	10,715,671	(284,329)
Total support services	11,000,000	11,500,000	11,296,572	(203,428)
Total expenditures	11,000,000	11,500,000	11,296,572	(203,428)
Excess (deficiency) of revenues over expenditures	(10,820,000)	(11,320,000)	(11,199,422)	120,578
Other financing sources				
Transfers	2,000,000	-	-	-
Total other financing sources	2,000,000	-	-	-
Net change in fund balance	<u>\$ (8,820,000)</u>	<u>\$ (11,320,000)</u>	(11,199,422)	<u>\$ 120,578</u>
Fund balance at beginning of year, as originally stated			13,063,289	
Prior period adjustment			(47,503)	
Fund balance at beginning of year, as restated			<u>13,015,786</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 1,816,364</u>	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Balance Sheet by Account

Nonmajor Governmental Funds

June 30, 2019

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Funds
ASSETS			
Cash and investments	\$ 1,065,106	\$ 785,226	\$ 1,850,332
Property taxes receivable	293,092	201,512	494,604
TOTAL ASSETS	<u>\$ 1,358,198</u>	<u>\$ 986,738</u>	<u>\$ 2,344,936</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Property taxes levied for subsequent year	<u>\$ 302,865</u>	<u>\$ 208,233</u>	<u>\$ 511,098</u>
Fund balances			
Restricted			
Employee retirement	1,055,333	-	1,055,333
Capital projects	-	778,505	778,505
Total fund balance	<u>1,055,333</u>	<u>778,505</u>	<u>1,833,838</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,358,198</u>	<u>\$ 986,738</u>	<u>\$ 2,344,936</u>

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

In Fund Balances by Account

Nonmajor Governmental Funds

Year Ended June 30, 2019

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Funds
REVENUES			
Local sources	\$ 722,061	\$ 433,059	\$ 1,155,120
Total Revenues Received	722,061	433,059	1,155,120
EXPENDITURES			
Current operating			
Instruction	281,503	-	281,503
Support services	362,119	-	362,119
Community services	19,398	-	19,398
Total Expenditures Disbursed	663,020	-	663,020
Excess of revenues received over expenditures disbursed	59,041	433,059	492,100
Net change in fund balance	59,041	433,059	492,100
Fund balance at beginning of year, as originally stated	998,232	346,479	1,344,711
Prior period adjustment	(1,940)	(1,033)	(2,973)
Fund balance at beginning of year, as restated	996,292	345,446	1,341,738
FUND BALANCE AT END OF YEAR	\$ 1,055,333	\$ 778,505	\$ 1,833,838

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Municipal Retirement/Social Security Fund

For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes - municipal retirement	\$ 313,028	\$ 313,028	\$ 484,314	\$ 171,286
Property taxes - Social Security/Medicare	479,640	479,640	199,069	(280,571)
Corporate personal property replacement taxes	16,000	16,000	10,000	(6,000)
Earnings on investments	15,000	15,000	28,678	13,678
Total revenues	823,668	823,668	722,061	(101,607)
EXPENDITURES				
Current operating				
Instruction				
Regular programs	91,583	91,583	132,091	40,508
Prekindergarten programs	18,910	18,910	31,910	13,000
Special education programs	84,917	84,917	77,725	(7,192)
Educationally deprived/remedial programs	1,193	1,193	872	(321)
Interscholastic programs	5,520	5,520	16,380	10,860
Bilingual programs	20,973	20,973	22,525	1,552
Total instruction	223,096	223,096	281,503	58,407
Support services				
Pupils				
Attendance and social work services	8,256	8,256	8,676	420
Health services	30,644	30,644	18,618	(12,026)
Psychological services	4,329	4,329	4,001	(328)
Speech pathology and audiology services	3,448	3,448	4,602	1,154
Other	23,353	23,353	17,259	(6,094)
Total pupils	70,030	70,030	53,156	(16,874)
Instructional staff				
Improvement of instruction services	-	-	2,381	2,381
Educational media	16,755	16,755	13,606	(3,149)
Total instructional staff	16,755	16,755	15,987	(768)
General administration				
Executive administration services	15,013	15,013	13,128	(1,885)
Total general administration	15,013	15,013	13,128	(1,885)
School administration				
Office of the principal services	28,772	28,772	40,316	11,544
Total school administration	\$ 28,772	\$ 28,772	\$ 40,316	\$ 11,544

(Continued)

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Municipal Retirement/Social Security Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
Business				
Direction of business support services	1,641	1,641	1,801	160
Fiscal services	38,562	38,562	32,303	(6,259)
Operation and maintenance of plant services	103,571	103,571	108,077	4,506
Pupil transportation services	126	126	125	(1)
Food services	14,755	14,755	15,198	443
Total business	158,655	158,655	157,504	(1,151)
Central				
Direction of central support services	2,549	2,549	2,821	272
Planning, R&D, and evaluation	28,602	28,602	18,637	(9,965)
Staff services	-	-	332	332
Data processing services	21,714	21,714	60,077	38,363
Total central	52,865	52,865	81,867	29,002
Other support services	-	-	161	161
Total support services	342,090	342,090	362,119	20,029
Community services	6,101	6,101	19,398	13,297
Provisions for contingencies	124,528	124,528	-	(124,528)
Total expenditures	695,815	695,815	663,020	(32,795)
Excess of revenues over expenditures	127,853	127,853	59,041	(68,812)
Net change in fund balance	\$ 127,853	\$ 127,853	59,041	\$ (68,812)
Fund balance at beginning of year, as originally stated			998,232	
Prior period adjustment			(1,940)	
Fund balance at beginning of year, as restated			996,292	
FUND BALANCE AT END OF YEAR			\$ 1,055,333	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Fire Prevention and Safety Fund

For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over/Under
REVENUES				
Local sources				
Property taxes	\$ 421,146	\$ 421,146	\$ 417,533	\$ (3,613)
Earnings on investments	2,000	2,000	15,526	13,526
Total local sources	423,146	423,146	433,059	9,913
Total revenues	423,146	423,146	433,059	9,913
EXPENDITURES				
Current operating				
Support services				
Facilities acquisition and construction:				
Purchased services	385,000	-	-	-
Total support services	385,000	-	-	-
Total expenditures	385,000	-	-	-
Excess (deficiency) of revenues over expenditures	\$ 38,146	\$ 423,146	433,059	\$ 9,913
Fund balance at beginning of year, as originally stated			346,479	
Prior period adjustment			(1,033)	
Fund balance at beginning of year, as restated			345,446	
FUND BALANCE AT END OF YEAR			\$ 778,505	

SKOKIE/MORTON GROVE SCHOOL DISTRICT NO. 69

Schedule of Changes in Assets and Liabilities

Agency Fund - Activity Funds

For The Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash	\$ 96,271	\$ 127,727	\$ 124,608	\$ 99,390
Total assets	\$ 96,271	\$ 127,727	\$ 124,608	\$ 99,390
Liabilities				
Due to student groups				
Edison Elementary School	\$ 6,737	\$ 1,641	\$ 5,787	\$ 2,591
Madison Elementary School	14,416	1,625	7,899	8,142
Lincoln Junior High School	11,644	20,679	24,959	7,364
Miscellaneous	5,718	8,352	6,489	7,581
Total due to student groups	38,515	32,297	45,134	25,678
Due to employees				
Flex spending	44,890	50,124	55,412	39,602
Health reimbursement	12,866	45,306	24,062	34,110
Total due to employees	57,756	95,430	79,474	73,712
Total liabilities	\$ 96,271	\$ 127,727	\$ 124,608	\$ 99,390