

Mount Prospect School District 57

Mount Prospect, Illinois

Annual Financial Report

Year Ended June 30, 2019

Mount Prospect School District 57

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Members of the Board of Education
Mount Prospect School District 57
Mount Prospect, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mount Prospect School District 57 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

(Continued)

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 District, as of June 30, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the Illinois Municipal Retirement Fund and Teachers' Retirement System of the State of Illinois pension data on pages 74 through 80, the other postemployment benefits data on pages 81 through 83, budgetary comparison schedules and notes to the required supplementary information on pages 84 through 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other schedules listed in the table of contents as supplementary financial information and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information for the year ended June 30, 2019 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information for the year ended June 30, 2019 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Mount Prospect School District 57, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 12, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Prospect School District 57's basic financial statements as a whole. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund and Debt Service Fund with comparative actual amounts for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the Capital Projects Fund and Debt Service Fund have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the Capital Projects Fund and Debt Service Fund are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of Mount Prospect School District 57's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mount Prospect School District 57's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
November 8, 2019

Mount Prospect School District 57

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2019

This section of the Mount Prospect School District 57 annual financial report presents management's discussion and analysis of the District's financial performance, during the fiscal year ended June 30, 2019. The Management's Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB). The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements, to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Overall, the District is in a positive financial condition. However, as with other districts in the state of Illinois, annual operations are negatively affected by the state's delay in payments and a declining EAV associated with property taxes. The use of "tax caps" limit the annual amount of a District's primary revenue source by essentially limiting annual property tax revenue increases to the lower of 5% or the Consumer Price Index (CPI) factor, plus a factor for new property added to the District's assessed value. In addition, property tax revenues are further reduced by assessment refunds from prior years. Historically, revenue increases are not matching the higher increases in primary expenses of a district such as salaries, health benefits, and commodity-based operating costs such as utilities.

Primary effects on fiscal 2019 operating results include the following:

- In total, net position increased by \$6,123,695 from \$5,779,891 on June 30, 2018 to \$11,903,586 on June 30, 2019.
- On a modified accrual basis, revenues for fiscal year 2019 were \$39,423,165 and expenditures were \$35,846,511.
- Operating fund balances of the District totaled \$12,609,417 as of June 30, 2019. For purposes of this analysis, the District considers operating funds to include the General (Educational and Working Cash), Operations and Maintenance, Transportation, and Municipal Retirement/Social Security. The aggregate fund balances (all funds) of the District totaled \$14,007,760.
- The District's operating costs per pupil (based on average daily attendance) for fiscal year 2019 increased from 2018. The per pupil cost for fiscal year 2019 was \$11,482 as compared to \$10,975 for fiscal year 2018.
- The assessed value of property in the District for tax year 2018 is \$658,064,066 and was \$670,599,739 for tax year 2017. Information regarding assessed value of property for the 2018 tax year was not available.
- As a result of property taxes that were unpaid, reassessed, or adjusted, the percentage of the property tax extensions collected for the 2017 levy were 98.49 percent. Information was not available for the 2018 property tax extension collections, as the District receives the second installment of the 2017 levy after year end.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements with footnotes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

- The first two statements are *government-wide financial statements* that represent a reporting concept that provides both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that are similar to the historical reporting concept and focus on individual funds of the District, reporting the District's operations in more detail than the government-wide statements.

For the purposes of this report, the fund financial statements have the following two primary components.

- The *governmental funds* statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as an agent for the benefit of others.

The financial statements also include notes that explain the District's accounting policies, with some of the information in the statements providing greater detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements, as well as supplementary financial information and other supplemental information.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's financial position and operations as a whole in a manner similar to a private-sector business.

The statement of net position presents information on the District's assets plus deferred outflows of resources less liabilities plus deferred inflows of resources with the difference between the two reported as net position, a concept similar to "equity" in business financial statements.

The statement of activities presents information showing how the District's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, on the accrual basis of accounting, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Use of the "Net Position" concept is one way to measure the District's financial health or position.

Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall financial health, consideration also needs to be given to other nonfinancial factors such as changes in the District's property tax base, the condition of its facilities, the delivery method of education, and other similar items.

In the government-wide financial statements, the District's activities are categorized as governmental activities. All of the District's basic services, such as regular and special education, transportation, and administration, are included. Property taxes and state and federal aid finance most of these activities. Some support is received from local fees.

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Management's Discussion and Analysis (Unaudited)
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Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This accounting presentation also provides information prepared on a consistent method with prior years to facilitate comparative analysis. All of the funds of the District, for reporting purposes, have been divided into two categories: governmental funds and fiduciary funds.

Governmental funds – These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out of District operations and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term asset and debt focus of the government-wide statements, a reconciliation is provided that explains the relationship or differences between them.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund (includes the Educational and Working Cash Accounts), Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Debt Service Fund, and Capital Project Fund. For reporting purposes, the District is classifying each of its governmental funds as a major fund.

The District adopts an annual budget for all governmental funds. Budgetary comparison statements have been provided for each governmental fund to demonstrate compliance with this budget.

Fiduciary funds - The District is the agent, or *fiduciary*, for certain assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operation.

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Notes to the Basic Financial Statements

The notes are an integral part of the financial statements and provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The following is a condensed summary of net position financial information as of June 30, 2018 and June 30, 2019.

Table 1
Condensed Statement of Net position

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
Assets:		
Current assets	\$27,188,473	\$29,840,751
Capital assets (net)	21,454,783	24,243,518
Total assets	<u>48,643,256</u>	<u>54,084,269</u>
Deferred outflows:		
Related to pensions	1,160,160	2,462,853
Related to other postemployment benefits (OPEB)	605,904	928,666
Total Deferred outflows	<u>1,766,064</u>	<u>3,391,519</u>
Liabilities:		
Current liabilities	2,725,506	4,061,237
Long-term liabilities	23,950,476	25,756,492
Total liabilities	<u>26,675,982</u>	<u>29,817,729</u>
Deferred inflows:		
Property taxes levied for a future period	14,294,997	11,799,355
Related to pensions	1,953,912	1,740,222
Related to other postemployment benefits (OPEB)	1,704,538	2,214,896
Total deferred inflows	<u>17,953,447</u>	<u>15,754,473</u>
Net position:		
Net investment in capital assets	13,594,783	16,646,415
Restricted	4,516,231	5,210,948
Unrestricted	(12,331,123)	(9,953,777)
Total net position	<u>\$5,779,891</u>	<u>\$11,903,586</u>

The overall net position of the District as of June 30, 2019 was \$11,903,586.

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Long-term liabilities of the District consists primarily of long-term obligations in the amount of \$25,756,492 as of June 30, 2019. The District's outstanding long-term debt obligations increased \$1,806,016 due to increases in the pension and OPEB liabilities, as actuarially determined, as well as the addition of a new capital lease. See table 6 for more information.

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period. At June 30, 2019, the District has deferred outflows of resources related to pensions and OPEB totaling \$3,391,519. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period. At June 30, 2019, the District's property taxes levied for a future period and deferred inflows related to pensions and OPEB, totaled \$15,754,470.

Changes in Net Position – The following table provides a condensed government-wide summary of the changes in the net position of the District for June 30, 2018 and June 30, 2019.

Table 2
Changes in Net Position

	Governmental Activities		% Change
	<u>2018</u>	<u>2019</u>	
Revenues:			
Program Revenues			
Charges for services	\$1,695,564	\$1,751,168	3.3%
Operating grants and contributions	11,397,145	10,587,320	(7.1)
General Revenues			
Property taxes	19,256,388	27,608,146	43.4
Replacement taxes	420,231	467,632	11.3
Other	2,132,955	2,442,412	14.5
Total	34,902,283	42,856,678	22.8%
Expenses:			
Instruction	26,355,131	25,296,736	(4.0)%
Support Services	10,941,776	10,792,551	(1.4)
Community Services	319,295	296,414	(7.2)
Interest and Fees	352,773	347,282	(1.6)
Total	37,968,975	36,732,983	(3.3)%
Increase (Decrease) in Net Position	(3,066,692)	6,123,695	
Beginning Net Position	8,846,583	5,779,891	
Ending Net Position	\$5,779,891	\$11,903,586	

The most substantial portion of District revenues is derived from property taxes. The total property tax revenues for fiscal year 2019 were \$27,608,146 or approximately 43.4 percent more than the \$19,256,388 of property taxes in fiscal year 2018. The main reason property tax revenue increased was the result of the passage of a limiting rate tax referendum in March of 2018. This rate increase allowed approximately \$6 million additional dollars to be levied and collected from the District beginning in FY19.

Mount Prospect School District 57
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

The most substantial part of District expenses is related to salaries and benefits, with a focus on instruction. Total expenses for fiscal year 2019 were \$36,732,983 or approximately 0.6 percent less than the total expenses of \$37,968,975 for fiscal year 2018.

The State makes retirement contributions on behalf of the District. The above analysis reflects the receipt and disbursement on the on-behalf payments even though the District has no responsibility in the oversight of this process and the net effect to the District is \$0. For fiscal year 2019, the District recognized revenue and expenses of \$9,562,729 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$6,129,216 in the General Fund based on the current financial resources measurement for the Teachers’ Retirement System (TRS) and the Teachers’ Health Insurance Security Fund (THIS) State on behalf payments. The revenue is reflected in “Operating Grants and Contributions” while the expenditure is accounted for in “Instruction” on the Statement of Activities and in “State Aid Sources” and “Instruction” in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. Additional information on on-behalf contribution to TRS and THIS can be found in the notes to the financial statements (Note E and Note F).

General (Educational and Working Cash) Fund Budgetary Highlights

The General Fund, for the purpose of this analysis, is synonymous with the Educational and Working Cash funds, with the Educational fund being the principal operating fund of the District. Over the course of the year, the District did not revise the annual operating budget.

The District’s fiscal 2019 budget anticipated a surplus of revenues over expenditures of \$1,198,373 in the General Fund. The actual results for fiscal 2019 was an increase in fund balance of \$3,128,219.

Financial Analysis of the District’s Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2018 and June 30, 2019.

Table 3
Financial Analysis

	Fund Balances		+/- Change
	<u>2018</u>	<u>2019</u>	
Fund:			
Educational	\$3,736,143	\$6,465,769	\$2,729,626
Operations and Maintenance	2,227,107	2,608,852	381,745
Debt Service	1,275,274	1,398,343	123,069
Transportation	809,310	896,118	86,808
Municipal Retirement/Social Security	233,232	324,489	91,257
Working Cash	1,915,596	2,314,189	398,593
Total	<u>\$10,196,662</u>	<u>\$14,007,760</u>	<u>\$3,811,098</u>

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

Operating fund balances of the District totaled \$12,609,417 as of June 30, 2019 (General (Educational and Working Cash), Operations and Maintenance, Transportation, and Municipal Retirement/Social Security Funds).

The District's governmental funds reported an aggregate fund balance of \$14,007,760 at June 30, 2019.

The tables that follow assist in illustrating the financial activities and balances of the General Fund.

Table 4
General (Educational and Working Cash) Fund Financial Analysis

	<u>2018</u>	<u>2019</u>	<u>+/- Change</u>
Revenues:			
Property taxes	\$ 15,534,268	22,202,428	\$ 6,668,160
State aid	1,957,757	1,977,627	19,870
State retirement contributions	10,398,181	6,129,216	(4,268,965)
Federal aid	753,902	835,311	81,409
Investment earnings	74,516	248,560	174,044
Other	1,576,711	1,612,516	35,805
Total	30,295,335	33,005,658	2,710,323
Expenditures:			
Instruction			
Regular programs	10,559,656	10,664,143	104,487
Special education	3,373,865	3,344,379	(29,486)
Other instructional	382,900	391,917	9,017
State retirement contributions	10,398,181	6,129,216	(4,268,965)
Support Services			
Pupil	1,512,118	1,718,320	206,202
Instructional staff	826,815	831,821	5,006
General administration	856,307	729,449	(126,858)
School administration	1,471,113	1,513,892	42,779
Business	796,468	731,518	(64,950)
Central	1,191,670	1,031,888	(159,782)
Community services	251,595	265,087	13,492
Nonprogrammed charges	450,011	381,366	(68,645)
Capital Outlay	43,604	325,799	282,195
Total	32,114,303	28,058,795	4,055,508
Excess deficiency of revenues over expenditures	(\$ 1,818,968)	\$ 4,946,863	\$ 6,765,831

Revenues Exceeded expenditures during fiscal year 2019, increasing the fund balance in the General (Educational and Working Cash Accounts) Fund by \$4,946,863 (prior to other financing uses). In fiscal year 2018 expenditures exceeded revenues by \$1,818,968.

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
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Capital Asset and Debt Administration

Capital assets – The cost, net of accumulated depreciation, of capital assets of the District as of June 30, 2018 and 2019, is as follows:

Table 5
Capital Assets (net of accumulated depreciation)

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
Land	\$ 1,522,929	\$ 1,522,929
Construction in progress	347,584	3,007,518
Land improvements	2,539,502	2,327,618
Buildings and improvements	16,412,182	16,646,573
Equipment	632,586	738,880
Total	\$21,454,783	\$24,243,518

As of June 30, 2019, the District had compiled a total investment of \$49,773,769 (\$24,243,518 net of accumulated depreciation) in a broad range of capital assets including land, buildings, construction in progress, land improvements, vehicles, and other equipment and transportation equipment. Total accumulated depreciation, at fiscal end, was \$25,530,251. Additional information on the District's capital assets can be found in the notes to the financial statements (Note G).

Long-term debt – The following is a condensed summary of the District's long-term debt outstanding as of June 30, 2018 and 2019.

Table 6
Outstanding Long-Term Liabilities

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
General obligation bonds	\$ 7,860,000	\$ 7,405,000
TRS net pension liability	1,780,952	1,308,993
IMRF net pension liability	37,200	1,962,196
THIS net OPEB liability	14,049,022	14,660,190
RHP total OPEB liability	139,669	148,481
Other	83,633	271,632
Total	\$ 23,950,476	\$ 25,756,492

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

General obligation bonds totaling \$7,405,000 as of June 30, 2019, are accounted for in the Government-wide Statement of Net position and the payments on the general obligation bonds are accounted for the Debt Service Fund. General obligation bond payments are financed with specifically approved property tax levies. The TRS net pension liability is \$1,308,993, while the IMRF net pension liability is \$1,962,196. The District under GASB 75, which was implemented in FY2018, records the other postemployment benefit liabilities. The THIS liability is \$14,660,190, while the RHP liability is \$148,481. Other long-term liabilities, as of June 30, 2019, consist of compensated absences, capital lease and bond premiums totaling \$271,632. Repayment of other long-term liability obligations is secured by the general revenues and assets of the District. Additional information on the District's long-term liabilities can be found in the notes to the financial statements (Note H).

Factors bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its future operations and related financial position:

- The District has agreed to a five year contract with its Educational Support Personnel (ESP) union. The new contract is set to expire on June 30, 2020.
- The District has agreed to a four year contract with the Mount Prospect Education Association. The new contract is set to expire on June 30, 2021.
- The Board of Education retains a key District financial policy seeking to maintain a year-end operating fund balance no less than 30% and no greater than 50% with a target of 40% of the annual operating expenditures. The policy defines the operating fund consisting of the educational, operations and maintenance, transportation, municipal retirement/social security, and working cash funds.
- Through an intergovernmental agreement with the Village of Mount Prospect, the District received its final revenue payment to compensate for the taxes from the continued "freeze" in the equalized assessed valuation (EAV) of the properties within the tax incremental financing (TIF) district. A new TIF was established in the prior fiscal year 2017 and as a result, the District will receive small annual revenue payments moving forward.
- The District has implemented a Master Facility Plan intended to be a comprehensive, interactive, planning process to be annually updated to assist administration in future planning of facilities, budgeting, and educational services. The District currently budgets approximately \$4,000,000 per fiscal year to address facility issues.
- The inability of lawmakers to address the State's financial dilemmas continues to create future uncertainty for school districts, of which Mount Prospect School District 57 is not immune. The new funding formula that passed in late August of 2017 promises approximately \$90,000 in additional dollars moving forward. However, due to the state's financial issues, there are many questions revolving around when and if payments will be made on time.
- Cook County continues to charge districts with prior year(s) tax refunds, objections, and adjustments. These charges continue to be random and have a direct impact on the tax collection rate.

Mount Prospect School District 57
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

- In March of 2018, the voters in District 57 passed a successful limiting rate tax increase. The referendum is expected to yield an additional \$5.7 million dollars each year over the 2016 levy. The intention of these referendum dollars is to balance the budget and embark on some long needed facility improvements.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Assistant Superintendent for Finance and Operations/CSBO at (847) 394-7300.

BASIC FINANCIAL STATEMENTS

Mount Prospect School District 57
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2019

ASSETS	
Cash and investments	\$ 17,386,256
Receivables (net of allowance for uncollectibles):	
Property taxes	11,799,355
Replacement taxes	74,819
Intergovernmental	580,321
Capital assets:	
Land	1,522,929
Construction in progress	3,007,518
Depreciable buildings, property, and equipment, net	<u>19,713,071</u>
Total assets	<u>54,084,269</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	2,462,853
Deferred outflows related to other postemployment benefits	<u>928,666</u>
Total deferred outflows	<u>3,391,519</u>
LIABILITIES	
Accounts payable	1,412,182
Salaries and wages payable	1,944,690
Payroll deductions payable	145,973
Interest payable	27,601
Unearned revenue	530,791
Long-term liabilities:	
Due within one year	514,493
Due after one year	<u>25,241,999</u>
Total liabilities	<u>29,817,729</u>
DEFERRED INFLOW OF RESOURCES	
Property taxes levied for a future period	11,799,355
Deferred inflows related to pensions	1,740,222
Deferred inflows related to other postemployment benefits	<u>2,214,896</u>
Total deferred inflows	<u>15,754,473</u>
NET POSITION	
Net investment in capital assets	16,646,415
Restricted For:	
Operations and maintenance	2,608,852
Debt service	1,370,742
Student transportation	896,118
Retirement benefits	324,489
Unrestricted	<u>(9,943,030)</u>
Total net position	<u>\$ 11,903,586</u>

The accompanying notes are an integral part of this statement.

Mount Prospect School District 57

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions / Programs	Expenses	PROGRAM REVENUES		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction:				
Regular programs	\$ 11,244,249	\$ 1,264,827	\$ 150,313	\$ (9,829,109)
Special programs	4,073,662	-	608,578	(3,465,084)
Other instructional programs	416,096	4,200	85,844	(326,052)
State retirement contributions	9,562,729	-	9,562,729	-
Support services:				
Pupils	1,822,364	-	-	(1,822,364)
Instructional staff	883,552	-	63,448	(820,104)
General administration	776,275	-	-	(776,275)
School administration	1,638,484	-	-	(1,638,484)
Business	1,336,893	192,269	52,401	(1,092,223)
Transportation	773,806	289,872	64,007	(419,927)
Operations and maintenance	2,279,508	-	-	(2,279,508)
Central	1,281,669	-	-	(1,281,669)
Community services	296,414	-	-	(296,414)
Interest and fees	347,282	-	-	(347,282)
Total governmental activities	<u>\$ 36,732,983</u>	<u>\$ 1,751,168</u>	<u>\$ 10,587,320</u>	<u>(24,394,495)</u>
General revenues:				
Taxes:				
				22,202,428
				4,573,850
				831,868
				467,632
				1,922,305
				368,887
				151,220
				<u>30,518,190</u>
				6,123,695
				<u>5,779,891</u>
				<u>\$ 11,903,586</u>

The accompanying notes are an integral part of this statement.

Mount Prospect School District 57

Governmental Funds

BALANCE SHEET

June 30, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
ASSETS				
Cash and investments	\$ 10,717,258	\$ 2,593,862	\$ 1,287,637	\$ 331,342
Receivables (net of allowance for uncollectibles):				
Property taxes	9,275,032	1,675,047	196,633	300,734
Replacement taxes	-	74,819	-	-
Intergovernmental	564,477	-	15,844	-
Other current assets	-	-	-	-
Total assets	<u>\$ 20,556,767</u>	<u>\$ 4,343,728</u>	<u>\$ 1,500,114</u>	<u>\$ 632,076</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 146,676	\$ 59,829	\$ 147,863	\$ -
Salaries and wages payable	1,944,690	-	-	-
Payroll deductions payable	139,120	-	-	6,853
Unearned revenue	271,291	-	259,500	-
Total liabilities	<u>2,501,777</u>	<u>59,829</u>	<u>407,363</u>	<u>6,853</u>
DEFERRED INFLOWS				
Property taxes levied for a future period	<u>9,275,032</u>	<u>1,675,047</u>	<u>196,633</u>	<u>300,734</u>
Total deferred inflows	<u>9,275,032</u>	<u>1,675,047</u>	<u>196,633</u>	<u>300,734</u>
FUND BALANCES				
Restricted	-	2,608,852	896,118	324,489
Unassigned	<u>8,779,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>8,779,958</u>	<u>2,608,852</u>	<u>896,118</u>	<u>324,489</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 20,556,767</u>	<u>\$ 4,343,728</u>	<u>\$ 1,500,114</u>	<u>\$ 632,076</u>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Total
\$ 1,402,767	\$ 1,053,390	\$ 17,386,256
351,909	-	11,799,355
-	-	74,819
-	-	580,321
-	-	-
<u>\$ 1,754,676</u>	<u>\$ 1,053,390</u>	<u>\$ 29,840,751</u>
\$ 4,424	\$ 1,053,390	\$ 1,412,182
-	-	1,944,690
-	-	145,973
-	-	530,791
<u>4,424</u>	<u>1,053,390</u>	<u>4,033,636</u>
<u>351,909</u>	<u>-</u>	<u>11,799,355</u>
<u>351,909</u>	<u>-</u>	<u>11,799,355</u>
1,398,343	-	5,227,802
-	-	8,779,958
<u>1,398,343</u>	<u>-</u>	<u>14,007,760</u>
<u>\$ 1,754,676</u>	<u>\$ 1,053,390</u>	<u>\$ 29,840,751</u>

Mount Prospect School District 57
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019

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

Total fund balances - governmental funds	\$ 14,007,760
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Net capital assets used in governmental activities and included in the statement of net position do not require the expenditure of financial resources and, therefore, are not reported in the governmental funds balance sheet.	24,243,518
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Deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds:

Net deferred outflows and (inflows) of resources related to:		
IMRF pension	\$1,205,536	
TRS pension	(482,905)	
RHP OPEB	2,388	
THIS OPEB	<u>(1,288,618)</u>	(563,599)

Interest on long-term liabilities accrued in the statement of net position will not be paid with current financial resources and, accordingly, is not recognized in the governmental funds balance sheet.	(27,601)
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Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet.	<u>(25,756,492)</u>
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Net position of governmental activities	<u><u>\$ 11,903,586</u></u>
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The accompanying notes are an integral part of this statement.

Mount Prospect School District 57

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2019

	General	Operations and Maintenance	Transportation	Municipal Retirement / Soc. Sec.
Revenues				
Property taxes	\$ 22,202,428	\$ 3,296,556	\$ 479,712	\$ 797,582
Replacement taxes	-	453,603	-	14,029
State aid	8,106,843	-	64,007	-
Federal aid	835,311	-	-	-
Interest	248,560	68,457	27,023	6,493
Other	<u>1,612,516</u>	<u>-</u>	<u>289,872</u>	<u>-</u>
Total revenues	<u>33,005,658</u>	<u>3,818,616</u>	<u>860,614</u>	<u>818,104</u>
Expenditures				
Current:				
Instruction:				
Regular programs	10,664,143	-	-	136,295
Special programs	3,344,379	-	-	201,800
Other instructional programs	391,917	-	-	7,274
State retirement contributions	6,129,216	-	-	-
Support services:				
Pupils	1,718,320	-	-	42,071
Instructional staff	831,821	-	-	29,221
General administration	729,449	-	-	24,886
School administration	1,513,892	-	-	64,638
Business	731,518	-	-	32,293
Transportation	-	-	773,806	-
Operations and maintenance	-	1,822,274	-	103,525
Central	1,031,888	-	-	56,097
Community services	265,087	-	-	28,747
Nonprogrammed charges	381,366	5,586	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>325,799</u>	<u>12,166</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>28,058,795</u>	<u>1,840,026</u>	<u>773,806</u>	<u>726,847</u>
Excess (deficiency) of revenues over expenditures	4,946,863	1,978,590	86,808	91,257
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(2,053,088)	(1,596,845)	-	-
Capital lease proceeds	<u>234,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,818,644)</u>	<u>(1,596,845)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,128,219	381,745	86,808	91,257
Fund balance, beginning of year	<u>5,651,739</u>	<u>2,227,107</u>	<u>809,310</u>	<u>233,232</u>
Fund balance, end of year	<u>\$ 8,779,958</u>	<u>\$ 2,608,852</u>	<u>\$ 896,118</u>	<u>\$ 324,489</u>

The accompanying notes are an integral part of this statement.

	Debt Service	Capital Projects	Total
\$	831,868	\$ -	\$ 27,608,146
	-	-	467,632
	-	-	8,170,850
	69,951	-	905,262
	18,354	-	368,887
	-	-	1,902,388
	<u>920,173</u>	<u>-</u>	<u>39,423,165</u>
	-	-	10,800,438
	-	-	3,546,179
	-	-	399,191
	-	-	6,129,216
	-	-	1,760,391
	-	-	861,042
	-	-	754,335
	-	-	1,578,530
	-	-	763,811
	-	-	773,806
	-	-	1,925,799
	-	-	1,087,985
	-	-	293,834
	-	-	386,952
	497,341	-	497,341
	352,851	-	352,851
	-	<u>3,596,845</u>	<u>3,934,810</u>
	<u>850,192</u>	<u>3,596,845</u>	<u>35,846,511</u>
	69,981	(3,596,845)	3,576,654
	53,088	3,596,845	3,649,933
	-	-	(3,649,933)
	-	-	234,444
	<u>53,088</u>	<u>3,596,845</u>	<u>234,444</u>
	123,069	-	3,811,098
	<u>1,275,274</u>	<u>-</u>	<u>10,196,662</u>
\$	<u>1,398,343</u>	<u>\$ -</u>	<u>\$ 14,007,760</u>

Mount Prospect School District 57

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds \$ 3,811,098

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. 2,788,735

Certain revenues included in the statement of activities do not provide current financial resources and, therefore, are deferred in the fund statements.

Changes in deferred outflows and inflows or resources related to pensions and OPEB are reported only in the statement of activities:

Deferred outflow and inflows or resources related to IMRF pension	1,899,784
Deferred outflow and inflows or resources related to TRS pension	(383,401)
Deferred outflow and inflows or resources related to RHP OPEB	602
Deferred outflow and inflows or resources related to THIS OPEB	(188,198)

Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 1,091

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. (1,806,016)

Change in net position of governmental activities \$ 6,123,695

The accompanying notes are an integral part of this statement.

Mount Prospect School District 57
Agency Fund
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2019

	Student Activity Fund
<hr/>	
ASSETS	
Cash and investments	\$ <u>92,601</u>
LIABILITIES	
Due to faculty and student groups	\$ <u><u>92,601</u></u>

The accompanying notes are an integral part of this statement.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mount Prospect School District 57 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

1. **Reporting Entity**

The District is located in Cook County, Illinois. The District is governed by an elected Board of Education. The Board of Education maintains final responsibility for all personnel, budgetary, taxing, and debt matters.

The District includes all funds of its 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 of the District, as there are no organizations for which it has financial accountability.

Also, the District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

2. **Fund Accounting**

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and fiduciary.

Governmental funds are used to account for all of the District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the servicing of general long-term debt (debt service funds), and the acquisition or construction of major capital facilities (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. The District considers all government funds to be major.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the District. The effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and local fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) amounts paid by recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

a. General Fund

The *General Fund* includes the Educational Account and the Working Cash Account. The Educational Account is the District's primary operating account. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Working Cash Account is for the financial resources held by the District to be used as temporary interfund loans for working capital requirements. Money loaned by the Working Cash Account to other funds must be repaid upon the collection of property taxes in the fund(s) loaned to. As allowed by the School Code of Illinois, this Fund may be permanently abolished and become part of the Educational Account, or it may be partially abated to any fund in need as long as the District maintains a balance in the Working Cash Account of at least .05% of the District's current equalized assessed valuation.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

b. Special Revenue Funds

The special revenue funds are used to account and report for the proceeds of specific revenue sources (other than those accounted for in the debt service, capital projects or fiduciary funds) that are legally restricted or committed to expenditures for specified purposes.

Each of the District's special revenue funds has been established as a separate fund in accordance with the fund structure required by the state of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's special revenue funds is as follows:

Operations and Maintenance Fund - accounts for all revenues and expenditures made for operations, repair, and maintenance of the District's building and land. Revenue consists primarily of local property taxes and personal property replacement taxes.

Transportation Fund - accounts for all revenues and expenditures made for student transportation. Revenues are derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare, and payments to the Social Security System for noncertified employees. Revenue to finance contributions is derived primarily from local property taxes and personal property replacement taxes.

c. Debt Service Fund

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The primary revenue source is local property taxes levied specifically for debt service and transfers from other funds.

d. Capital Projects Fund

Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities. Revenues are derived from bond proceeds or transfers from other funds.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements (Continued)

e. Fiduciary Fund

The fiduciary fund accounts for assets held by the District in an agency capacity for individuals, private organizations, other governments, or other funds.

Agency Fund - includes Student Activity Funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Although the Board of Education has the ultimate responsibility for activity funds, they are not local education agency funds. The Student Activity Funds account for assets held by the District which are owned, operated, and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational, or cultural purposes. They account for activities such as student yearbook, student clubs and council, and scholarships.

Convenience Accounts - account for assets that are maintained by a local education agency, as a convenience for other District activities.

4. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are used to account for the District's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and 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 property tax revenues and most other revenues available if they are collected within 60 days after year-end. Revenues that are paid to the District by the Illinois State Board of Education are considered available if vouchered by year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Property taxes, personal property replacement taxes, interest, and intergovernmental revenue associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports unearned and unavailable revenue on its financial statements. Unearned and unavailable revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability or deferred inflow of resources for unearned or unavailable revenue is removed from the balance sheet and revenue is recognized. Governmental Funds also defer revenue recognition in connection with resources received, but not yet earned.

The fiduciary fund statements are reported using the accrual basis of accounting.

5. Fund Balance

In the fund financial statements, governmental funds report five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

- a. *Nonspendable* - refers to amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable in form criteria includes items that are not expected to be converted to cash, such as prepaid items or inventories. As of June 30, 2019, the District has no nonspendable fund balances.
- b. *Restricted* - refers to amounts that are subject to outside restrictions such as creditors, grantors, contributors, or laws and regulations of other governments, or are imposed by law through enabling legislation. Special revenue funds, as well as debt service and capital project funds, are by definition restricted for those specified purposes.
- c. *Committed* - refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (the Board of Education). The Board of Education commits fund balances by passing a resolution. Amounts committed cannot be used for any other purpose unless the District removes or changes the specific use by taking the same type of formal action it employed to previously commit those funds. As of June 30, 2019, the District has no committed fund balances.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance (Continued)

- d. *Assigned* - 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 Board of Education or the individual to which the Board of Education delegates the authority to assign amounts to be used for specific purposes. As of June 30, 2019, the District has no assigned fund balances.
- e. *Unassigned* - refers to all spendable amounts not contained in the other four classifications described above. In funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

The restricted fund balances are for the purpose of the restricted funds as described in Note A-3.

6. Deferred Outflows / Deferred Inflows

In addition to assets, the statement of net position and the governmental funds balance sheet may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position / fund balance that applies to a future period. At June 30, 2019, the District has deferred outflows of resources related to pensions and other postemployment benefits. In addition to liabilities, the District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to a future reporting period. At June 30, 2019, the District reported deferred inflows of resources related to pensions, other postemployment benefits, and property taxes levied for a future period.

7. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the State for the employer's share of the Teachers' Retirement System pension and Teachers' Health Insurance Security other postemployment benefits (see the budgetary reconciliation to the required supplementary information). Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level. All annual budgets lapse at fiscal year-end.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Deposits and Investments

Investments are stated at fair value. Changes in fair value are included in investment income.

9. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the Municipal Retirement/Social Security Fund, with the balance at the discretion of the District.

10. Capital Assets

Capital assets, which include land, construction in progress, land improvements, buildings, equipment, and transportation equipment 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost at the date purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

Construction in progress is stated at cost and includes engineering, design, material, and labor incurred for planned construction. No provision for depreciation is made on construction in progress until the asset is completed and placed in service.

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

Depreciation of capital assets is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Equipment and transportation equipment	3 - 15

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Accumulated Unpaid Vacation and Sick Pay

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. All certified employees receive a specified number of sick days per year depending on the years of service, in accordance with the agreement between the Board of Education and the Mount Prospect Education Association. Unused sick leave days accumulate to a maximum of 250 days. Upon retirement, a certified employee may apply up to 250 days of unused sick leave toward service credit for TRS, therefore, there is no accrual for unused sick days.

Educational support personnel receive a specified number of sick days per year, based on years of service, which accumulate to a maximum of 240 days. The District does not reimburse employees for unused sick days remaining upon termination of employment or retirement.

Twelve-month administrators may only carryover and/or be paid out for a maximum of 10 vacation days from year to year. Accrued but unpaid vacation time at, June 30, 2019 was \$19,080 and has been recorded as a long-term liability (Note H) on the statement of net position.

12. 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 and losses on refunding of bonds are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the bonds are issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, losses on refunding, and 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 actual debt proceeds received, and losses on refunding are reported as debt service expenditures.

13. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities, deferred outflows of resources, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, (2) imposed by law through constitutional provisions, or (3) imposed by enabling legislation. The District's restricted net position was restricted as a result of enabling legislation.

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

15. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plan and additions to/deductions from the pension/OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are stated at fair value.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities included in the statement of net position are not due and payable in the current period and, accordingly, are not reported in the governmental funds balance sheet." The details of this difference are as follows:

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position (Continued)

General obligation bonds	\$ 7,405,000
Capital leases	192,103
Unamortized premium	60,449
TRS net pension liability	1,308,993
IMRF net pension liability	1,962,196
RHP total other postemployment benefit liability	148,481
THIS net other postemployment benefit liability	14,660,190
Compensated absences	<u>19,080</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position of governmental activities	 \$ <u><u>25,756,492</u></u>

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 3,814,541
Depreciation expense	<u>(1,025,806)</u>
 Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 \$ <u><u>2,788,735</u></u>

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Principal repayments		
General obligation bonds	\$	455,000
Capital lease		42,341
Amortization of bond premium		4,478
Capital lease proceeds		(234,444)
TRS net pension liability, net		471,959
IMRF net pension liability, net		(1,924,996)
RHP other postemployment benefit liability, net		(8,812)
THIS other postemployment benefit liability, net		(611,168)
Compensated absences, net		(374)
		(374)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	\$	(1,806,016)
		(1,806,016)

NOTE C - DEPOSITS AND INVESTMENTS

The District's investment policy is in line with State Statutes. The investments that the District may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short-term discount obligations of corporations organized in the United States with assets exceeding \$500,000,000; (5) interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation or school district; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2019, the District's cash and investments consisted of the following:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>17,386,256</u>	\$ <u>92,601</u>	\$ <u>17,478,857</u>

For disclosure purposes, this amount is segregated into the following:

	<u>Total</u>
Cash on hand	\$ 320
Deposits with financial institutions*	12,792,162
Illinois School District Liquid Asset Fund Plus (ISDLAF+)	10,760
Illinois Funds	2,675,615
Illinois School District Liquid Asset Fund Plus Term Series (ISDLAF+ TS)	<u>2,000,000</u>
	<u>\$ 17,478,857</u>

* includes accounts held in demand and savings accounts as well as non-negotiable certificates of deposit and money market savings accounts, which are valued at cost.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principals. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Valuation techniques used should maximize the use of unobservable inputs and minimize the use of unobservable inputs. The District's ISDLAF+ Term Series investments detailed in the interest rate risk table below are measured using the market valuation method and level 2 valuation inputs.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

1. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, a periodic review of the investment portfolio is performed to ensure performance is consistent with the safety, liquidity, rate of return, diversification, and overall performance the District needs. Maturity information on other investments is shown in the table below.

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
ISDLAF+ TS	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -

The following investment is measured at net asset value (NAV):

		Unfunded	Redemption	Redemption
		Commitments	Frequency	Notice
				Period
ISDLAF+	\$ 10,760	n/a	Daily	1 day
Illinois Funds	\$ 2,675,615	n/a	Daily	1 day

Redemption Notice Period - Investments in ISDLAF's Term Series maybe redeemed upon seven days' advance notice. Redemption prior to maturity may result in the realization of a loss on the investment, including a penalty in an amount necessary to recoup the Term Series penalty charges, losses and other costs attributable to the early redemption.

2. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The District's investments in ISDLAF+ term series are unrated.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit pooled investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees, elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAAM and are valued at share price, which is the price for which the investment could be sold.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

3. Concentration of Credit Risk

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are rated AAAM and are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

The District's investment policy requires diversification of the investment portfolio to minimize the risk of loss resulting from overconcentration in a particular type of security, risk factor, issuer, or maturity. The policy requires diversification strategies to be determined and revised periodically by the District's Investment Officer to meet the District's ongoing need for safety, liquidity, and rate of return.

4. Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2019, the bank balances of the District's deposits with financial institutions totaled \$13,033,582, all of which was fully insured or collateralized.

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy limits the exposure to investment custodial credit risk by requiring that all investments be in high quality investment pools and/or secured by private insurance or collateral.

NOTE D - PROPERTY TAXES RECEIVABLE

The District must file its tax levy resolution by the last Tuesday in December of each year. The tax levy resolution was approved by the Board on December 20, 2018. The District's property tax is levied each year on all taxable real property located in the District, and becomes a lien on the property on January 1 of that year. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

Tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE D - PROPERTY TAXES RECEIVABLE (Continued)

The District's annual property tax levy is subject to Property Tax Extension Limitation Act (PTELA), which is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations, and tax increment finance district property becoming eligible for taxation.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property, which is assessed directly by the state. One-third of the County is reassessed every year by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the state. Each year, the Illinois Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the equalization factor) is then applied to the assessed valuation to compute the valuation of property to which tax rate will be applied (the equalized assessed valuation). The equalization factor for Cook County was 2.9109 for 2018.

The County Clerk adds the equalized assessed valuation of all real property in the County to the valuation of property assessed directly by the state (to which the equalization factor is not applied) to arrive at the base amount (the assessment base) used to calculate the annual tax rates, as described above. The equalized assessed valuation for the extension of the 2018 tax levy was \$658,064,366.

Property taxes are collected by the Cook County Collector/Treasurer, who remits them to the District. Taxes levied in one year become due and payable in two installments on March 1 and August 1 during the following year. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment bill is based on the current levy, assessment, and equalization, and any changes from the prior year.

The portion of the 2018 property tax levy not received by June 30 is recorded as a receivable, net of estimated uncollectibles of 1%. The net receivable collected within the current year or due and expected to be collected soon enough thereafter to be used to pay liabilities of the current period, less the taxes collected soon enough after the end of the previous fiscal year, are recognized as revenue. Such time, thereafter, does not exceed sixty days. Net taxes receivable less the amount expected to be collected within 60 days is reflected as deferred inflows of resources - property taxes levied for a future period.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES

1. Teachers' Retirement System of the State of Illinois

Plan Description

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

TRS issues a publicly available financial report that can be obtained at 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 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

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

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

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

Benefits Provided (Continued)

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 I members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier I and II members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf Contributions to TRS

The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 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 expenses of \$8,421,631 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$5,957,729 in the General Fund based on the current financial resources measurement basis.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019, were \$80,212 and are deferred because they are 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 employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2019, there were no salaries paid from federal and special trust funds, and thus there were no required employer contributions.

Early 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 percent 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.

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 \$529 to TRS for employer contributions due on salary increases in excess of 6 percent, \$0 for salary increases in excess of 3 percent, and \$0 for sick leave days granted in excess of the normal annual allotment.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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	\$	1,308,993
State's proportionate share of the net pension liability associated with the District		<u>89,671,487</u>
 Total	 \$	 <u><u>90,980,480</u></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 contributions of all participating TRS employers and the state during that period. At June 30, 2018, the District's proportion was .0016793835 percent, which was a decrease of .0006517627 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized the following pension expense/expenditures and revenue pertaining to the District's employees:

	<u>Governmental Activities</u>	<u>General Fund</u>
State on-behalf contributions - revenue and expense/expenditure	\$ 8,421,631	\$ 5,957,729
District TRS pension expense (benefit)	<u>(26,242)</u>	<u>80,212</u>
Total TRS expense/expenditure	<u>\$ 8,395,389</u>	<u>\$ 6,037,941</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,308	\$ 285
Net difference between projected and actual earnings on pension plan investments	-	4,008
Changes in assumptions	57,412	37,100
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>94,001</u>	<u>699,445</u>
Total deferred amounts to be recognized in pension expense in the future periods	177,721	740,838
District contributions subsequent to the measurement date	<u>80,212</u>	<u>-</u>
Total deferred amount related to pensions	<u><u>\$ 257,933</u></u>	<u><u>\$ 740,838</u></u>

The District reported \$80,212 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the reporting 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:

<u>Year ended June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2020	\$ 79,710
2021	177,187
2022	170,046
2023	97,025
2024	39,149
Thereafter	<u>-</u>
Total	<u><u>\$ 563,117</u></u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

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 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

In the June 30, 2018 actuarial valuation, mortality rates were based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates are based on a fully-generational basis using projection table MP-2017. In the June 30, 2017 actuarial valuation, mortality rates were also based on the RP-2014 White Collar Table with appropriate adjustments for TRS experience. The rates were used on a fully-generational basis using projection table MP-2014.

The long-term (20-year) 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:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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
Real return	4.0	1.8
Absolute return	14.0	3.9
Private equity	15.0	10.2
Total	<u>100.0 %</u>	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.00 percent, which was the same as the June 30, 2017 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.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

1. Teachers' Retirement System of the State of Illinois (Continued)

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

Discount Rate (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District'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 percent, 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 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
	<u> </u>	<u> </u>	<u> </u>
District's proportionate share of the net pension liability	\$ 1,605,356	\$ 1,308,993	\$ 1,070,331
	<u> </u>	<u> </u>	<u> </u>

TRS Fiduciary Net Position

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*.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

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

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

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	139
Inactive plan members entitled to but not yet receiving benefits	256
Active plan members	122
Total	517

Contributions

As set by statute, the District’s Regular Plan Members are required to contribute 4.5% 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 annual contribution rate for calendar year 2018 was 9.41%. For the fiscal year ended June 30, 2019 the District contributed \$291,061 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s 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. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

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%

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Retirement Age	Experience-based table of rates, specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2014-2017.
Mortality	For non-disabled retirees, the 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 with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Long-term Expected Rate of Return	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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

Long-term Expected Rate of
Return (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Equities	37%	(6.08%)
International equities	18%	(14.16%)
Fixed income	28%	(0.28%)
Real estate	9%	8.36%
Alternative investments	7%	4.75% - 12.40%
Cash equivalents	1%	2.50%
Total	100%	

Single 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:

- a. 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
- b. 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 pension plan investments is 7.25%, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the "20-Year Municipal GO AA index"), and the resulting single discount rate is 7.25%.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Changes in Net Pension Liability

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2018:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 15,581,521	\$ 15,544,321	\$ 37,200
Changes for the year:			
Service cost	354,250	-	354,250
Interest on the total pension liability	1,149,243	-	1,149,243
Difference between expected and actual experience of the total pension liability	(184,565)	-	(184,565)
Changes of assumptions	408,776	-	408,776
Contributions - employer	-	319,841	(319,841)
Contributions - employees	-	154,180	(154,180)
Net investment income (loss)	-	(872,403)	872,403
Benefit payments, including refunds of employee contributions	(870,825)	(870,825)	-
Other (net transfer)	-	201,090	(201,090)
Net changes	<u>856,879</u>	<u>(1,068,117)</u>	<u>1,924,996</u>
Balances at December 31, 2018	<u>\$ 16,438,400</u>	<u>\$ 14,476,204</u>	<u>\$ 1,962,196</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net pension liability	\$ <u>3,799,307</u>	\$ <u>1,962,196</u>	\$ <u>431,201</u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (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 \$318,635. 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
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 11,212	\$ 95,187
Change of assumptions	210,822	30,640
Net difference between projected and actual earnings on pension plan investments	1,840,654	873,557
Total deferred amounts to be recognized in pension expense in the future periods	2,062,688	999,384
Pension contributions made subsequent to the measurement date	142,232	-
Total deferred amounts related to pensions	\$ 2,204,920	\$ 999,384

The District reported \$142,232 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the reporting 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:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

2. Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Year Ended June 30,	Net Deferred Outflows of Resources
2020	\$ 405,687
2021	136,450
2022	114,991
2023	406,176
2024	-
Thereafter	-
Total	\$ 1,063,304

3. Summary of Pension Items

Below is a summary of the various pension items:

	TRS	IMRF	Total
Deferred outflows of resources:			
Employer contributions	\$ 80,212	\$ 142,232	\$ 222,444
Experience	26,308	11,212	37,520
Assumptions	57,412	210,822	268,234
Proportionate share	94,001	-	94,001
Investments	-	1,840,654	1,840,654
	\$ 257,933	\$ 2,204,920	\$ 2,462,853
Net pension liability	\$ 1,308,993	\$ 1,962,196	\$ 3,271,189
Pension expense	\$ 8,395,389	\$ 318,635	\$ 8,714,024

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE E - PENSION LIABILITIES (Continued)

3. Summary of Pension Items (Continued)

	TRS	IMRF	Total
Deferred inflows of resources:			
Experience	\$ 285	\$ 95,187	\$ 95,472
Investments	4,008	873,557	877,565
Assumptions	37,100	30,640	67,740
Proportionate share	699,445	-	699,445
	\$ 740,838	\$ 999,384	\$ 1,740,222

4. Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid the total required contribution for the current fiscal year.

NOTE F - OTHER POSTEMPLOYMENT BENEFITS

1. Teachers' Health Insurance Security (THIS)

General Information about the Other Postemployment Plan

Plan Description

The District participates in the Teacher Health Insurance Security Fund (THIS), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago.

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

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

General Information about the Other Postemployment Plan (Continued)

Plan Description (Continued)

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

Benefits Provided

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

Contributions

On behalf contributions to the THIS Fund

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. In the fund financial statements, the State contributions are intended to match contributions to the THIS Fund from active members, which were 1.24 percent of pay during the year ended June 30, 2019. In the government-wide financial statements, State of Illinois contributions also include a proportional allocation of the State's OPEB expense (based on the portion of the District's share of the expense compared to all School Districts in aggregate). For the year ended June 30, 2019, the District recognized revenue and expenses of \$1,141,098 in the governmental activities based on the economic resources measurement basis and revenues and expenditures in the amount of \$171,487 in the General Fund based on the current financial resources measurement basis for State of Illinois contributions on behalf of the District's employees.

District contributions to the THIS Fund

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.92 percent during the year ended June 30, 2019. For the year ended June 30, 2019, the District paid \$127,232 to the THIS Fund, which was 100 percent of the required contribution. These amounts are deferred because they were paid after the June 30, 2018 measurement date.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

General Information about the Other Postemployment Plan (Continued)

Contributions (Continued)

District contributions to the THIS Fund (Continued)

The percentage of employer required contributions in the future will not exceed 105 percent of the percentage of salary actually required to be paid in the previous fiscal year.

Other Postemployment Benefit (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 (first amount shown below) that reflected a reduction for state OPEB 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 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	\$ 14,660,190
State's estimated proportionate share of the net OPEB liability associated with the District*	19,685,474
	19,685,474
Total	\$ <u>34,345,664</u>

* The State's proportionate share of the net OPEB liability (NOL) associated with the District is not available in the actuarial report and therefore the amount reported above is an estimate calculated by allocating the State's total NOL for the entire plan (per the actuary) based on the District's proportionate share of the NOL to all the school districts participating in the Plan. Additionally, the amounts included below related to sensitivity of the healthcare rate, discount rate and amortization of deferred inflows and outflows are based on a similar allocation methodology.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 THIS for the measurement year ended June 30, 2018, relative to the projected contributions of all participating THIS employers and the state during that period. At June 30, 2018, the District's proportion was 0.055645 percent, which was an increase of 0.001505 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized the following for OPEB expense/expenditure and revenue pertaining to the District's employees:

	Governmental Activities	General Fund
State on-behalf contributions - OPEB revenue and expense/expenditure	\$ 1,141,098	\$ 171,487
District OPEB pension expense	918,662	127,232
Total OPEB expense/expenditure	\$ 2,059,760	\$ 298,719

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 52,601
Change of assumptions	-	2,134,770
Net difference between projected and actual earnings on OPEB plan investments	-	450
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>778,814</u>	<u>6,843</u>
Total deferred amounts to be recognized in OPEB expense in future periods	<u>778,814</u>	<u>2,194,664</u>
District contributions subsequent to the measurement date	<u>127,232</u>	<u>-</u>
Total deferred amounts related to OPEB	<u>\$ 906,046</u>	<u>\$ 2,194,664</u>

The District reported \$127,232 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2020. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2020	\$ 247,757
2021	247,757
2022	247,757
2023	247,718
2024	247,635
Thereafter	<u>177,226</u>
Total	<u>\$ 1,415,850</u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The total OPEB liability and contributions in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you basis. Contribution rates are defined by statute. For fiscal year end June 30, 2018, contribution rates are 1.18% of pay for active members, 0.88% of pay for school districts, and 1.18% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Market value
Investment rate of return	0.00%, net of OPEB plan investment expense, including inflation, for all plan years.
Inflation	2.75 percent
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.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP- 2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare Trend Rate	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 cost 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 cost on and after 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

Discount Rate

The State, the District and active members contribute 1.18 percent, 0.88 percent, 1.18 percent of pay, respectively for fiscal year 2018. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56 percent at June 30, 2017, and 3.62 percent at June 30, 2018, was used to measure the total OPEB liability. The increase in the single discount rate, from 3.56 percent to 3.62 percent, caused the total OPEB liability for the entire plan to decrease by approximately \$285 million in

Investment Return

During plan year end June 30, 2018, the trust earned \$743,000 in interest, and due to benefit payables, the market value of assets at June 30, 2018, is a negative \$9.23 million. Given the benefit payable, negative asset value and pay-as-you-go funding policy, the investment return assumption was set to zero.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Money-Weighted Rate of Return

The annual money-weighted rate of return was estimated based on monthly investment performance, net of investment expenses, adjusted for changing amounts actually invested. The annual money-weighted rate of return was 1.301% for plan year end June 30, 2018, and 0.678% for plan year end June 30, 2017.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.62 percent, 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 percent) or 1-percentage-point higher (4.62 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.62%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.62%)</u>	<u>1% Increase</u> <u>(4.62%)</u>
District's proportionate share of the net OPEB liability \$	17,627,202	\$ 14,660,190	\$ 12,317,986

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following table shows the District's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. 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% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	<u>1%</u> <u>Decrease*</u>	<u>Current</u> <u>Healthcare</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase **</u>
District's proportionate share of the net OPEB liability \$	11,887,040	\$ 14,660,190	\$ 18,396,289

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1. Teachers' Health Insurance Security (THIS) (Continued)

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate (Continued)

* 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 2018 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

** 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 2018 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

2. Retiree Health Plan (RHP)

Plan Description

The District administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and may be amended by the District through its employment contracts. The plan does not issue a separate financial report.

Benefits Provided

The plan provides the ability for non-certified retirees and their spouses to access the District's group health insurance plan during retirement, provided they are on the group health insurance plan at the time of retirement. Non-certified retirees are responsible to contribute a premium toward the cost of their insurance, which is determined by the Board. Non-certified retirees may also access dental and life insurance benefits on a "direct pay" basis.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Employees Covered by Benefit Terms

As of June 30, 2018 (most recent information available) the following employees were covered by the benefit terms:

Active employees	110
Inactive employees entitled to but not yet receiving benefits	0
Inactive employees currently receiving benefits	10
Total	120

Contributions

Retirees have the option of choosing from an HMO or PPO plan through the District. Premiums for the plan are set by the Board of Education. Currently, the District contributes 0 percent to 100 percent to postemployment benefits, which varies for different employee groups.

Total OPEB Liability

The total OPEB liability, after considering the share of benefit-related costs with inactive Plan members, was determined by an actuarial valuation performed as of July 1, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	July 1, 2017
Measurement date	June 29, 2018
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	3.00%
Discount rate (as of June 30, 2019)	2.79%
Salary rate increases	4.00%
Healthcare inflation rate	6.00% initial - PPO 5.00% ultimate - PPO 5.00% initial - HMO IL 5.00% ultimate - HMO IL 2.70% initial - HMO Blue Adv. 5.00% ultimate - HMO Blue Adv.

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Total OPEB Liability (Continued)

Mortality rates	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for experience. Disabled Annuitants: RP- 2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Election at Retirement	10% of active employees will elect coverage at retirement.
Coverage Status	Active Employees are assumed to continue into retirement at their current coverage level if a District medical plan is selected. Active employees who declined medical coverage are assumed to elect the PPO Plan at retirement.
Marital Status	50% of active employees electing District coverage are assumed to be married and to elect spousal coverage with males three years older than females. Actual spouse data was used for current retirees.

Discount Rate

The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.79% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 30, 2019.

The following table shows the components of the change in the District's net OPEB liability for the fiscal year ended June 30, 2019 based upon a rollforward of actuarial valuation from the actuarial valuation performed July 1, 2017 to the fiscal year end:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at July 1, 2018	\$ 139,669	\$ -	\$ 139,669
Changes for the year:			
Service cost	8,950	-	8,950
Interest on the total OPEB liability	4,084	-	4,084
Difference between expected and actual experience of the total OPEB liability	-	-	-
Changes of assumptions and other inputs	1,376	-	1,376
Contributions - employer	-	-	-
Contributions - active and retired employees	-	-	-
Net investment income	-	-	-
Benefit payments, including the implicit rate subsidy	(5,240)	-	(5,240)
Other changes	(358)	-	(358)
Net changes	<u>8,812</u>	<u>-</u>	<u>8,812</u>
Balances at June 30, 2019	<u>\$ 148,481</u>	<u>\$ -</u>	<u>\$ 148,481</u>

In 2019, changes in assumptions related to the discount rate were made (2.98% to 2.79%) and changes to the healthcare trend rate to reflect recent healthcare trend rate surveys.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 2.79%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Lower (1.79%)	Current Discount Rate	1% Higher (3.79%)
Total OPEB liability	\$ <u>155,902</u>	\$ <u>148,481</u>	\$ <u>141,368</u>

Mount Prospect School District 57
 NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the plan's net OPEB liability, calculated using a Healthcare Trend Rate range of 6.76-7.43%, as well as what the plan's net OPEB liability would be if it were calculated using a Healthcare Trend Rate range that is 1% lower or 1% higher than the current range:

	1% Lower	Current Healthcare Rate	1% Higher
Total OPEB liability	\$ 138,442	\$ 148,481	\$ 159,512

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

For the year ended June 30, 2019 the District recognized OPEB expense of \$13,450. 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
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ 20,751	\$ -
Change of assumptions	1,869	20,232
Total deferred amounts to be recognized in OPEB expense in the future periods	\$ 22,620	\$ 20,232

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

2. Retiree Health Plan (RHP) (Continued)

Year Ended June 30,	Net Deferred Outflows Resources
2020	\$ 415
2021	415
2022	415
2023	415
2024	415
Thereafter	313
Total	\$ 2,388

3. Summary of OPEB Items

Below is a summary of the various OPEB items at June 30, 2019:

	THIS	RHP	Total
Deferred outflows of resources:			
Employer contributions	\$ 127,232	\$ -	\$ 127,232
Experience	-	20,751	20,751
Assumptions	-	1,869	1,869
Proportionate share	778,814	-	778,814
	\$ 906,046	\$ 22,620	\$ 928,666
OPEB liability	\$ 14,660,190	\$ 148,481	\$ 14,808,671
OPEB expense	\$ 2,059,760	\$ 13,450	\$ 2,073,210

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

3. Summary of OPEB Items (Continued)

	<u>THIS</u>	<u>RHP</u>	<u>Total</u>
Deferred inflows of resources:			
Assumptions	\$ 2,134,770	\$ 20,232	\$ 2,155,002
Experience	52,601	-	52,601
Investments	450	-	450
Proportionate share	6,843	-	6,843
	<u>\$ 2,194,664</u>	<u>\$ 20,232</u>	<u>\$ 2,214,896</u>

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases /</u> <u>Transfers</u>	<u>Decreases /</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets, not being depreciated				
Land	\$ 1,522,929	\$ -	\$ -	\$ 1,522,929
Construction in progress	347,584	3,567,931	907,997	3,007,518
	<u>1,870,513</u>	<u>3,567,931</u>	<u>907,997</u>	<u>4,530,447</u>
Total capital assets not being depreciated				
Capital assets, being depreciated				
Land improvements	3,875,627	-	-	3,875,627
Buildings	35,825,080	907,997	-	36,733,077
Equipment	4,353,032	246,610	6,203	4,593,439
Transportation equipment	41,179	-	-	41,179
	<u>44,094,918</u>	<u>1,154,607</u>	<u>6,203</u>	<u>45,243,322</u>
Total capital assets being depreciated				

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE G - CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases /</u> <u>Transfers</u>	<u>Decreases /</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Less accumulated depreciation for:				
Land improvements	\$ 1,336,125	\$ 211,884	\$ -	\$ 1,548,009
Buildings	19,412,898	673,606	-	20,086,504
Equipment	3,720,446	140,316	6,203	3,854,559
Transportation equipment	41,179	-	-	41,179
	<u>24,510,648</u>	<u>1,025,806</u>	<u>6,203</u>	<u>25,530,251</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>19,584,270</u>	<u>128,801</u>	<u>-</u>	<u>19,713,071</u>
Governmental activities capital assets, net	<u>\$ 21,454,783</u>	<u>\$ 3,696,732</u>	<u>\$ 907,997</u>	<u>\$ 24,243,518</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General Government		
Instructional staff		
Regular programs	\$	39,038
Special programs		6,090
Bilingual programs		75
Support services		
Pupils		783
Instructional staff		2,622
General administration		654
School administration		850
Business administration		908,479
Central		<u>67,215</u>
Total depreciation from governmental activities	\$	<u>1,025,806</u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE H - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
General obligation bonds	\$ 7,860,000	\$ -	\$ 455,000	\$ 7,405,000
Unamortized premium	64,927	-	4,478	60,449
TRS net pension liability	1,780,952	21,578	493,537	1,308,993
IMRF net pension liability	37,200	2,784,672	859,676	1,962,196
RHP total other postemployment benefit liability	139,669	14,052	5,240	148,481
THIS net other postemployment benefit liability	14,049,022	1,233,143	621,975	14,660,190
Capital lease	-	234,444	42,341	192,103
Compensated absences	18,706	19,080	18,706	19,080
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>23,950,476</u>	\$ <u>4,306,969</u>	\$ <u>2,500,953</u>	\$ <u>25,756,492</u>

Due within one year

General obligation bonds	\$ 470,000
Capital lease	<u>44,493</u>
Total	\$ <u>514,493</u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE H - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds Payable

The summary of activity in bonds payable, for the year ended June 30, 2019, is as follows:

	Bonds Payable July 1, 2018	Debt Issued	Debt Retired	Bonds Payable June 30, 2019
\$5,050,000 Refunding School Bonds, Series 2010A, due December 1, 2022, interest at 2.00% to 4.00%.	\$ 1,905,000	\$ -	\$ 400,000	\$ 1,505,000
\$4,000,000 School Bonds, Series 2010B, due December 1, 2029, interest at 5.00% to 5.70%.	4,000,000	-	-	4,000,000
\$2,000,000 School Bonds, Series 2016, due December 1, 2032, interest at 2.00% to 2.75%.	1,955,000	-	55,000	1,900,000
Total	\$ 7,860,000	\$ -	\$ 455,000	\$ 7,405,000

At June 30, 2019 the District's future cash flow requirements for retirement of bond principal and interest were as follows:

	Year Ending June 30	Principal	Interest	Total
2020	\$	470,000	\$ 322,351	\$ 792,351
2021		485,000	304,351	789,351
2022		445,000	286,481	731,481
2023		465,000	266,851	731,851
2024		480,000	244,061	724,061
2025 - 2029		2,675,000	803,993	3,478,993
2030 - 2032		2,385,000	119,075	2,504,075
Total	\$	7,405,000	\$ 2,347,163	\$ 9,752,163

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE H - LONG-TERM LIABILITIES (Continued)

1. General Obligation Bonds Payable (Continued)

These payments will be made from amounts budgeted from the debt service tax levies in future periods. There is \$1,398,343 in the Debt Service Fund to service the outstanding bonds payable.

The District is subject to the Illinois School Code, which limits the bond indebtedness to 6.90% of the most recent available equalized assessed valuation of the District. As of June 30, 2019, the statutory debt limit for the District was \$45,406,441 of which \$37,809,338 is potentially available.

2. Capital Lease Payable

In July 2018, the District entered into a capital lease agreement for copy machines with a value of \$234,444. The lease requires monthly payments through June 2023, including principal and interest, of \$4,424. The District is also required to pay monthly maintenance charges of \$1,960 a month through the term of the lease. The District made payments of \$42,341 and \$10,747 for principal and interest, respectively for the year ended June 30, 2019. The obligations for this loan were repaid from the Debt Service Fund with funding provided by the General (Educational Account) Fund. Future minimum lease payments for these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 44,493	\$ 8,595	\$ 53,088
2021	46,770	6,318	53,088
2022	49,162	3,926	53,088
2023	51,678	1,410	53,088
	\$ 192,103	\$ 20,249	\$ 212,352

NOTE I - OPERATING LEASES

The District entered into a noncancelable operating lease for mobile classrooms with monthly lease payments of \$1,480 through June 30, 2020. The District incurred lease expenses of \$17,760 for the year ended June 30, 2019. At June 30, 2019, future minimum lease payments for these leases are as follows:

Year Ending June 30	Total
2020	\$ <u>17,760</u>

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE J - INTERFUND TRANSFERS

The District transferred \$3,596,845 to the Capital Projects Fund from the General (Educational Account) Fund (\$2,000,000) and the Operations and Maintenance Fund (\$1,596,845). The amounts transferred represents an amount to fund capital projects.

The District transferred \$53,088 from the General (Educational Account) Fund to the Debt Service Fund. The amount transferred represents funds transferred to pay the principal and interest on the District's capital lease.

NOTE K - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destructions of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases coverage against such risks and participates in the following public entity risk pools: Educational Benefit Cooperative (EBC) for health benefit claims; School Employee Loss Fund (SELF) for worker's compensation claims; and Suburban School Cooperative Insurance Pool (SSCIP) for property damage and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that the pools will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pools.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance.

Settled claims have not exceeded coverage provided by the pools or commercial insurance coverage for the past three fiscal years.

Complete financial statements for SELF can be obtained from its business office at 1111 South Dee Road, Park Ridge, Illinois 60068.

Complete financial statements for SSCIP can be obtained from its Treasurer at 2850 Golf Road, Rolling Meadows, Illinois 60008.

Complete financial statements for EBC can be obtained from its Treasurer at 6020 W. 151st Street, Oak Forest, Illinois 60452.

Mount Prospect School District 57
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE L - JOINT AGREEMENTS

The District is a member of the Northwest Suburban Special Education Organization (NSSEO), a joint agreement that provides certain special education services to residents of many school districts. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, they should not be included as a component unit of the District.

NOTE M - CONTINGENCIES

1. Litigation

The District, in the normal course of business, is subject to various ongoing general litigation. Although the outcome of these matters is not presently determinable, the resolution of these matters, should the outcome be unfavorable, could have a significant impact on future tax revenues and expenditures.

2. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE N - COMMITMENTS

The District has entered into certain contracts for construction in the next fiscal year. Commitments under these contracts approximate \$2,424,000 at June 30, 2019.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2019, the date these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Mount Prospect School District 57

MULTIYEAR SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Illinois Municipal Retirement Fund

Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 354,250	\$ 357,178	\$ 344,004
Interest on the total pension liability	1,149,243	1,124,985	1,059,228
Difference between expected and actual experience of the total pension liability	(184,565)	183,696	248,399
Assumption changes	408,776	(502,022)	(16,462)
Benefit payments and refunds	(870,825)	(807,059)	(760,651)
Net change in total pension liability	<u>856,879</u>	<u>356,778</u>	<u>874,518</u>
Total pension liability, beginning	15,581,521	15,224,743	14,350,225
Total pension liability, ending	<u>\$ 16,438,400</u>	<u>\$ 15,581,521</u>	<u>\$ 15,224,743</u>
Plan fiduciary net position			
Contributions, employer	\$ 319,841	\$ 312,776	\$ 301,186
Contributions, employee	154,180	157,626	144,033
Net investment income	(872,403)	2,466,879	910,304
Benefit payments, including refunds of employee contributions	(870,825)	(807,059)	(760,651)
Other (net transfer)	201,090	(467,180)	62,653
Net change in plan fiduciary net position	<u>(1,068,117)</u>	<u>1,663,042</u>	<u>657,525</u>
Plan fiduciary net position, beginning	15,544,321	13,881,279	13,223,754
Plan fiduciary net position, ending	<u>\$ 14,476,204</u>	<u>\$ 15,544,321</u>	<u>\$ 13,881,279</u>
Net pension liability	<u>\$ 1,962,196</u>	<u>\$ 37,200</u>	<u>\$ 1,343,464</u>
Plan fiduciary net position as a percentage of the total pension liability	88.06 %	99.76 %	91.18 %
Covered Valuation Payroll	\$ 3,398,956	\$ 3,471,643	\$ 3,200,710
Net pension liability as a percentage of covered valuation payroll	57.73 %	1.07 %	41.97 %

Note: The District implemented GASB 68 beginning with it's fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

Note: Actuarial valuations are as of December 31st, which is six months prior to the end of the fiscal year.

<u>2016</u>	<u>2015</u>
\$ 322,697	\$ 342,716
1,008,645	910,622
84,965	161,101
15,626	603,129
(737,906)	(663,274)
<u>694,027</u>	<u>1,354,294</u>
<u>13,656,198</u>	<u>12,301,904</u>
<u>\$ 14,350,225</u>	<u>\$ 13,656,198</u>
\$ 277,791	\$ 280,206
134,691	126,890
67,117	779,492
(737,906)	(663,274)
(103,982)	156,079
<u>(362,289)</u>	<u>679,393</u>
<u>13,586,043</u>	<u>12,906,650</u>
<u>\$ 13,223,754</u>	<u>\$ 13,586,043</u>
<u>\$ 1,126,471</u>	<u>\$ 70,155</u>
92.15 %	99.49 %
\$ 2,964,693	\$ 2,818,974
38.00 %	2.49 %

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 Illinois Municipal Retirement Fund
Five Most Recent Fiscal Years

Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 319,842	* \$ 319,841	\$ 1	\$ 3,398,956	9.41 %
2018	312,795	312,776	19	3,471,643	9.01
2017	301,187	301,186	1	3,200,710	9.41
2016	277,792	277,791	1	2,964,693	9.37
2015	280,206	280,206	-	2,818,974	9.94

* Estimated based on contribution rate of 9.41% and covered valuation payroll of \$3,398,956 (most recent available).

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore 10 years of information is not available.

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois
Five Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.0016793835 %	0.0023311462 %	0.0027931461 %
District's proportionate share of the net pension liability	\$ 1,308,993	\$ 1,780,952	\$ 2,204,799
State's proportionate share of the net pension liability associated with the District	<u>89,671,487</u>	<u>92,208,881</u>	<u>98,734,390</u>
Total	<u>\$ 90,980,480</u>	<u>\$ 93,989,833</u>	<u>\$ 100,939,189</u>
District's covered-employee payroll	\$ 13,190,985	\$ 12,453,792	\$ 12,143,122
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.92 %	14.30 %	18.16 %
Plan fiduciary net position as a percentage of the total pension liability	40.00 %	39.30 %	36.40 %

Note 1: Actuarial valuations are as of June 30th of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Note 2: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

<u>2016</u>	<u>2015</u>
0.0031935996 %	0.0024135905 %
\$ 2,092,129	\$ 1,468,870
<u>79,423,658</u>	<u>64,869,712</u>
<u>\$ 81,515,787</u>	<u>\$ 66,338,582</u>
\$ 11,828,614	\$ 11,299,206

17.69 % 13.00 %

41.50 % 43.00 %

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
 Teachers' Retirement System of the State of Illinois
Five Most Recent Fiscal Years

	2019	2018	2017
Contractually required contribution	\$ 76,508	\$ 96,042	\$ 106,454
Contributions in relation to the contractually required contribution	69,777	96,042	108,170
Contribution deficiency (excess)	\$ 6,731	\$ -	\$ (1,716)
District's covered-employee payroll	\$ 13,829,570	\$ 13,190,985	\$ 12,453,792
Contributions as a percentage of covered-employee payroll	0.50 %	0.73 %	0.87 %

Note: Actuarial valuations are as of June 30th of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Note: The District implemented GASB 68 beginning with its fiscal year ended June 30, 2015, therefore, 10 years of information is not available.

<u>2016</u>	<u>2015</u>
\$ 109,366	\$ 90,664
<u>111,904</u>	<u>86,116</u>
\$ <u>(2,538)</u>	\$ <u>4,548</u>
\$ 12,143,122	\$ 11,828,614
0.92 %	0.73 %

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF CHANGES IN TOTAL OTHER POSTRETIREMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
Retiree Health Plan
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 8,950	\$ 9,445
Interest on the total OPEB liability	4,084	4,107
Difference between expected and actual experience of the total OPEB liability	-	28,635
Changes of assumptions and other inputs	1,376	(14,803)
Benefit payments, including the implicit rate subsidy	(5,240)	(3,718)
Other	(358)	(11,761)
Net change in total OPEB liability	8,812	11,905
Total OPEB liability, beginning	139,669	127,764
Total OPEB liability, ending	<u>\$ 148,481</u>	<u>\$ 139,669</u>
Plan fiduciary net position		
Contributions, employer	\$ -	\$ -
Contributions, active and inactive employees	-	-
Net investment income	-	-
Benefit payments, including refunds of employee contributions	-	-
Other (net transfer)	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position, beginning	-	-
Plan fiduciary net position, ending	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 148,481</u>	<u>\$ 139,669</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %
Covered Valuation Payroll	\$ 2,488,544	\$ 2,488,544
Net OPEB liability as a percentage of covered valuation payroll	5.97 %	5.61 %

Note: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY
Teachers' Health Insurance Security Fund
Two Most Recent Fiscal Years

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0556450000 %	0.0541397136 %
District's proportionate share of the net OPEB liability \$	14,660,190	\$ 14,049,022
State's proportionate share of the net OPEB liability associated with the District	<u>19,685,474</u>	<u>18,449,857</u>
Total	<u>\$ 34,345,664</u>	<u>\$ 32,498,879</u>
District's covered-employee payroll \$	13,190,985	\$ 12,453,792
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	111.14 %	112.81 %
Plan fiduciary net position as a percentage of the total OPEB liability	-0.07 %	-0.17 %

Note 1: Actuarial valuations are as of June 30th of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Note 2: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Mount Prospect School District 57
MULTIYEAR SCHEDULE OF DISTRICT CONTRIBUTIONS
Teachers' Health Insurance Security Fund
Two Most Recent Fiscal Years

	2019	2018
Contractually required contribution	\$ 116,081	\$ 104,612
Contributions in relation to the contractually required contribution	116,082	104,619
Contribution excess	\$ 1	\$ 7
District's covered-employee payroll	\$ 13,829,570	\$ 13,190,985
Contributions as a percentage of covered-employee payroll	0.84 %	0.79 %

Note 1: Actuarial valuations are as of June 30th of the fiscal year prior to the fiscal year in which the net OPEB liability is reported.

Note 2: The District implemented GASB 75 beginning with its fiscal year ended June 30, 2018 therefore 10 years of information is not available.

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 21,692,246	\$21,928,513	\$ 236,267	\$15,332,732
Special education levy	275,524	273,915	(1,609)	201,536
Summer school tuition from pupils or parents	7,000	4,200	(2,800)	5,673
Interest on investments	107,000	248,560	141,560	74,516
Sales to pupils - lunch	185,000	192,269	7,269	208,836
Fees	130,500	130,961	461	125,711
Rentals - regular textbook	262,000	257,705	(4,295)	253,514
Contributions and donations from private sources	100	-	(100)	-
Refund of prior years' expenditures	35,000	22,678	(12,322)	37,973
Local fees	785,000	876,161	91,161	802,047
Other	100,000	128,542	28,542	142,957
Total local sources	<u>23,579,370</u>	<u>24,063,504</u>	<u>484,134</u>	<u>17,185,495</u>
State sources				
Evidenced Based Funding	1,841,052	1,922,305	81,253	1,841,052
Special Education - Private Facility Tuition	50,000	52,922	2,922	89,791
Special Education - Funding for Children Requiring Sp Ed Services	100	-	(100)	-
Special Education - Personnel	100	-	(100)	-
Special Education - Summer School	100	-	(100)	-
Bilingual Ed. - Downstate - T.P.I. and T.P.E.	29,000	-	(29,000)	23,464
State Free Lunch and Breakfast	1,000	729	(271)	442
Other state sources	1,500	1,671	171	3,008
Total state sources	<u>1,922,852</u>	<u>1,977,627</u>	<u>54,775</u>	<u>1,957,757</u>

(Continued)

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Federal sources				
National School Lunch Program	\$ 30,000	\$ 31,698	\$ 1,698	\$ 31,347
Special Milk Program	22,000	19,974	(2,026)	21,115
Title I - Low Income	130,000	150,313	20,313	93,070
Federal - Special Education				
- Pre-School Flow Through	23,091	23,091	-	22,800
Federal - Special Education				
- I.D.E.A. - Flow Through	465,970	454,294	(11,676)	445,017
Federal - Special Education				
- I.D.E.A. - Room and Board	100	2,522	2,422	4,530
Title III - Language Inst. Program				
- Limited Eng (LIPLEP)	17,862	15,893	(1,969)	18,812
Title II - Teacher Quality	35,000	61,777	26,777	37,312
Medicaid Matching Funds -				
Administrative Outreach	60,000	31,604	(28,396)	23,151
Medicaid Matching Funds -				
Fee-For-Service-Program	40,000	44,145	4,145	56,748
Total federal sources	<u>824,023</u>	<u>835,311</u>	<u>11,288</u>	<u>753,902</u>
Total revenues	<u>26,326,245</u>	<u>26,876,442</u>	<u>550,197</u>	<u>19,897,154</u>
Expenditures				
Instruction				
Regular programs				
Salaries	8,025,521	8,038,404	(12,883)	7,679,659
Employee benefits	1,963,378	1,984,158	(20,780)	1,920,672
Purchased services	85,350	38,827	46,523	101,033
Supplies and materials	377,000	236,923	140,077	539,344
Capital outlay	200	-	200	258
Non-capitalized equipment	315,100	365,231	(50,131)	318,090
Termination benefits	650	600	50	600
Total	<u>10,767,199</u>	<u>10,664,143</u>	<u>103,056</u>	<u>10,559,656</u>

(Continued)

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Special education programs				
Salaries	\$ 2,668,064	\$ 2,652,423	\$ 15,641	\$ 2,598,236
Employee benefits	604,812	632,542	(27,730)	644,908
Purchased services	73,000	32,951	40,049	108,664
Supplies and materials	20,000	24,756	(4,756)	21,466
Non-capitalized equipment	<u>5,000</u>	<u>1,707</u>	<u>3,293</u>	<u>591</u>
Total	<u>3,370,876</u>	<u>3,344,379</u>	<u>26,497</u>	<u>3,373,865</u>
Interscholastic programs				
Salaries	106,957	95,501	11,456	96,819
Employee benefits	13,576	11,361	2,215	11,694
Purchased services	9,700	9,514	186	9,723
Supplies and materials	<u>9,900</u>	<u>9,509</u>	<u>391</u>	<u>9,779</u>
Total	<u>140,133</u>	<u>125,885</u>	<u>14,248</u>	<u>128,015</u>
Summer school programs				
Salaries	15,715	11,370	4,345	11,640
Employee benefits	<u>2,800</u>	<u>1,108</u>	<u>1,692</u>	<u>453</u>
Total	<u>18,515</u>	<u>12,478</u>	<u>6,037</u>	<u>12,093</u>
Bilingual programs				
Salaries	194,552	192,442	2,110	183,116
Employee benefits	56,610	54,862	1,748	51,819
Purchased services	7,000	4,925	2,075	1,913
Supplies and materials	<u>6,000</u>	<u>1,325</u>	<u>4,675</u>	<u>5,944</u>
Total	<u>264,162</u>	<u>253,554</u>	<u>10,608</u>	<u>242,792</u>
Total instruction	<u>14,560,885</u>	<u>14,400,439</u>	<u>160,446</u>	<u>14,316,421</u>

(Continued)

Mount Prospect School District 57
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Support services				
Pupils				
Attendance and social work services				
Salaries	\$ 333,821	\$ 333,821	\$ -	\$ 329,961
Employee benefits	92,059	89,904	2,155	93,042
Purchased services	500	195	305	196
Supplies and materials	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total	<u>426,480</u>	<u>423,920</u>	<u>2,560</u>	<u>423,199</u>
Health services				
Salaries	211,510	222,518	(11,008)	218,699
Employee benefits	27,127	38,624	(11,497)	27,522
Purchased services	2,650	1,593	1,057	2,395
Supplies and materials	6,700	4,057	2,643	5,038
Capital outlay	-	-	-	50
Other objects	150	-	150	12
Non-capitalized equipment	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total	<u>248,637</u>	<u>266,792</u>	<u>(18,155)</u>	<u>253,716</u>
Psychological services				
Salaries	182,713	182,712	1	97,562
Employee benefits	54,050	53,084	966	26,039
Purchased services	500	216	284	568
Supplies and materials	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total	<u>237,363</u>	<u>236,012</u>	<u>1,351</u>	<u>124,169</u>
Speech pathology and audiology services				
Salaries	494,653	494,653	-	435,824
Employee benefits	136,576	134,910	1,666	119,081
Purchased services	<u>700</u>	<u>169</u>	<u>531</u>	<u>434</u>
Total	<u>631,929</u>	<u>629,732</u>	<u>2,197</u>	<u>555,339</u>

(Continued)

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Other support services - pupils				
Salaries	\$ 146,336	\$ 135,039	\$ 11,297	\$ 131,579
Employee benefits	18,352	15,836	2,516	13,077
Purchased services	1,200	1,424	(224)	1,155
Supplies and materials	<u>10,000</u>	<u>9,565</u>	<u>435</u>	<u>9,884</u>
Total	<u>175,888</u>	<u>161,864</u>	<u>14,024</u>	<u>155,695</u>
Total pupils	<u>1,720,297</u>	<u>1,718,320</u>	<u>1,977</u>	<u>1,512,118</u>
Instructional staff				
Improvement of instruction services				
Salaries	341,650	336,093	5,557	324,525
Employee benefits	52,727	56,416	(3,689)	43,050
Purchased services	78,860	76,073	2,787	66,390
Supplies and materials	12,000	7,252	4,748	40,031
Other objects	<u>1,900</u>	<u>860</u>	<u>1,040</u>	<u>821</u>
Total	<u>487,137</u>	<u>476,694</u>	<u>10,443</u>	<u>474,817</u>
Educational media services				
Salaries	259,830	259,830	-	256,484
Employee benefits	41,234	36,762	4,472	40,857
Purchased services	5,000	9,936	(4,936)	4,968
Supplies and materials	<u>10,700</u>	<u>9,750</u>	<u>950</u>	<u>10,602</u>
Total	<u>316,764</u>	<u>316,278</u>	<u>486</u>	<u>312,911</u>
Assessment and testing				
Purchased services	<u>39,000</u>	<u>38,849</u>	<u>151</u>	<u>39,087</u>
Total	<u>39,000</u>	<u>38,849</u>	<u>151</u>	<u>39,087</u>
Total instructional staff	<u>842,901</u>	<u>831,821</u>	<u>11,080</u>	<u>826,815</u>

(Continued)

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
General administration				
Board of education services				
Purchased services	\$ 123,200	\$ 81,673	\$ 41,527	\$ 96,249
Supplies and materials	5,850	3,715	2,135	5,136
Other objects	<u>14,000</u>	<u>16,292</u>	<u>(2,292)</u>	<u>19,459</u>
Total	<u>143,050</u>	<u>101,680</u>	<u>41,370</u>	<u>120,844</u>
Executive administration services				
Salaries	289,416	289,416	-	283,132
Employee benefits	47,584	47,128	456	46,545
Purchased services	11,000	7,780	3,220	8,990
Supplies and materials	1,250	864	386	508
Other objects	<u>3,300</u>	<u>2,635</u>	<u>665</u>	<u>5,124</u>
Total	<u>352,550</u>	<u>347,823</u>	<u>4,727</u>	<u>344,299</u>
Special area administrative services				
Salaries	133,023	152,828	(19,805)	134,412
Employee benefits	48,806	38,857	9,949	42,409
Purchased services	3,160	5,198	(2,038)	4,537
Supplies and materials	<u>3,200</u>	<u>1,174</u>	<u>2,026</u>	<u>2,964</u>
Total	<u>188,189</u>	<u>198,057</u>	<u>(9,868)</u>	<u>184,322</u>
Tort immunity services				
Purchased services	<u>143,000</u>	<u>81,889</u>	<u>61,111</u>	<u>206,842</u>
Total	<u>143,000</u>	<u>81,889</u>	<u>61,111</u>	<u>206,842</u>
Total general administration	<u>826,789</u>	<u>729,449</u>	<u>97,340</u>	<u>856,307</u>

(Continued)

Mount Prospect School District 57
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
School administration				
Office of the principal services				
Salaries	\$ 1,172,959	\$ 1,179,990	\$ (7,031)	\$ 1,145,461
Employee benefits	317,614	318,124	(510)	310,339
Purchased services	2,240	2,240	-	2,240
Supplies and materials	16,500	12,049	4,451	11,760
Other objects	<u>2,100</u>	<u>1,489</u>	<u>611</u>	<u>1,313</u>
Total	<u>1,511,413</u>	<u>1,513,892</u>	<u>(2,479)</u>	<u>1,471,113</u>
Total school administration	<u>1,511,413</u>	<u>1,513,892</u>	<u>(2,479)</u>	<u>1,471,113</u>
Business				
Direction of business support services				
Salaries	202,015	204,973	(2,958)	187,021
Employee benefits	56,318	56,750	(432)	52,254
Purchased services	2,310	1,625	685	1,560
Supplies and materials	100	346	(246)	-
Other objects	<u>1,050</u>	<u>1,095</u>	<u>(45)</u>	<u>-</u>
Total	<u>261,793</u>	<u>264,789</u>	<u>(2,996)</u>	<u>240,835</u>
Fiscal services				
Salaries	144,440	120,645	23,795	176,956
Employee benefits	20,483	19,036	1,447	27,231
Purchased services	92,500	78,938	13,562	94,060
Supplies and materials	3,000	(8,291)	11,291	1,544
Other objects	300	125	175	130
Non-capitalized equipment	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total	<u>261,723</u>	<u>210,453</u>	<u>51,270</u>	<u>299,921</u>

(Continued)

Mount Prospect School District 57
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Food services				
Purchased services	\$ 185,000	\$ 174,030	\$ 10,970	\$ 181,964
Supplies and materials	37,500	40,644	(3,144)	42,069
Capital outlay	13,000	-	13,000	4,471
Total	<u>235,500</u>	<u>214,674</u>	<u>20,826</u>	<u>228,504</u>
Internal services				
Purchased services	35,500	37,476	(1,976)	28,198
Supplies and materials	3,000	4,126	(1,126)	3,481
Total	<u>38,500</u>	<u>41,602</u>	<u>(3,102)</u>	<u>31,679</u>
Total business	<u>797,516</u>	<u>731,518</u>	<u>65,998</u>	<u>800,939</u>
Central				
Planning, research, development and evaluation services				
Purchased services	20,000	1,500	18,500	92,988
Total	<u>20,000</u>	<u>1,500</u>	<u>18,500</u>	<u>92,988</u>
Information services				
Purchased services	20,000	23,415	(3,415)	18,970
Total	<u>20,000</u>	<u>23,415</u>	<u>(3,415)</u>	<u>18,970</u>
Staff services				
Salaries	81,105	70,271	10,834	75,729
Employee benefits	65,072	62,680	2,392	58,730
Purchased services	21,000	26,257	(5,257)	31,142
Supplies and materials	500	384	116	91
Other objects	300	345	(45)	295
Total	<u>167,977</u>	<u>159,937</u>	<u>8,040</u>	<u>165,987</u>

(Continued)

Mount Prospect School District 57

General Fund - Budgetary Basis

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Data processing services				
Salaries	\$ 376,773	\$ 370,683	\$ 6,090	\$ 361,732
Employee benefits	60,920	67,494	(6,574)	68,171
Purchased services	376,560	310,325	66,235	426,732
Supplies and materials	30,300	16,960	13,340	1,384
Capital outlay	90,000	325,799	(235,799)	39,133
Non-capitalized equipment	<u>120,000</u>	<u>81,574</u>	<u>38,426</u>	<u>55,706</u>
Total	<u>1,054,553</u>	<u>1,172,835</u>	<u>(118,282)</u>	<u>952,858</u>
Total central	<u>1,262,530</u>	<u>1,357,687</u>	<u>(95,157)</u>	<u>1,230,803</u>
Total support services	<u>6,961,446</u>	<u>6,882,687</u>	<u>78,759</u>	<u>6,698,095</u>
Community services				
Salaries	190,476	187,137	3,339	181,926
Employee benefits	50,865	50,862	3	55,015
Purchased services	-	9,495	(9,495)	-
Supplies and materials	<u>14,500</u>	<u>17,593</u>	<u>(3,093)</u>	<u>14,654</u>
Total	<u>255,841</u>	<u>265,087</u>	<u>(9,246)</u>	<u>251,595</u>
Payments to other districts and government units				
Payments for special education programs				
Other objects	<u>404,700</u>	<u>381,366</u>	<u>23,334</u>	<u>450,011</u>
Total payments to other districts and other government units	<u>404,700</u>	<u>381,366</u>	<u>23,334</u>	<u>450,011</u>
Total expenditures	<u>22,182,872</u>	<u>21,929,579</u>	<u>253,293</u>	<u>21,716,122</u>
Excess (deficiency) of revenues over expenditures	<u>4,143,373</u>	<u>4,946,863</u>	<u>803,490</u>	<u>(1,818,968)</u>

(Continued)

Mount Prospect School District 57
 General Fund - Budgetary Basis
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2019
 With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Other financing sources (uses)				
Capital lease proceeds	\$ 55,000	\$ 234,444	\$ 179,444	\$ -
Transfer to Debt Service Fund for principal on capital leases	-	(42,341)	(42,341)	(26,543)
Transfer to Debt Service Fund for interest on capital leases	-	(10,747)	(10,747)	(1,047)
Transfer to Capital Projects Fund	<u>(3,000,000)</u>	<u>(2,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,945,000)</u>	<u>(1,818,644)</u>	<u>1,126,356</u>	<u>(27,590)</u>
Net change to fund balance	<u>\$ 1,198,373</u>	3,128,219	<u>\$ 1,929,846</u>	(1,846,558)
Fund balance, beginning of year		<u>5,651,739</u>		<u>7,498,297</u>
Fund balance, end of year		<u>\$ 8,779,958</u>		<u>\$ 5,651,739</u>

(Concluded)

Mount Prospect School District 57
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 3,302,752	\$ 3,296,556	\$ (6,196)	\$ 2,234,945
Corporate personal property replacement taxes	378,747	453,603	74,856	346,947
Interest on investments	20,000	68,457	48,457	17,807
Rentals	100	-	(100)	-
Refund of prior years' expenditures	100	-	(100)	89
Other	100	-	(100)	-
Total local sources	<u>3,701,799</u>	<u>3,818,616</u>	<u>116,817</u>	<u>2,599,788</u>
Total revenues	<u>3,701,799</u>	<u>3,818,616</u>	<u>116,817</u>	<u>2,599,788</u>
Expenditures				
Support services				
Business				
Operation and maintenance of plant services				
Salaries	612,770	653,669	(40,899)	663,119
Employee benefits	102,214	108,786	(6,572)	110,007
Purchased services	580,420	641,684	(61,264)	547,750
Supplies and materials	540,000	417,624	122,376	436,608
Capital outlay	15,000	12,166	2,834	18,494
Non-capitalized equipment	10,000	511	9,489	-
Total business	<u>1,860,404</u>	<u>1,834,440</u>	<u>25,964</u>	<u>1,775,978</u>
Total support services	<u>1,860,404</u>	<u>1,834,440</u>	<u>25,964</u>	<u>1,775,978</u>

(Continued)

Mount Prospect School District 57
Operations and Maintenance Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Payments to other districts and Government units				
Payments to other governmental units (in-state)				
Payments for special education programs				
Purchased services	\$ 11,400	\$ 5,586	\$ 5,814	\$ 12,079
Total	<u>11,400</u>	<u>5,586</u>	<u>5,814</u>	<u>12,079</u>
Total other payments	<u>11,400</u>	<u>5,586</u>	<u>5,814</u>	<u>12,079</u>
Total expenditures	<u>1,871,804</u>	<u>1,840,026</u>	<u>31,778</u>	<u>1,788,057</u>
Excess of revenues over expenditures	<u>1,829,995</u>	<u>1,978,590</u>	<u>148,595</u>	<u>811,731</u>
Other financing uses				
Transfer to Capital Projects Fund	<u>(1,000,000)</u>	<u>(1,596,845)</u>	<u>(596,845)</u>	<u>(896,015)</u>
Total other financing uses	<u>(1,000,000)</u>	<u>(1,596,845)</u>	<u>(596,845)</u>	<u>(896,015)</u>
Net change in fund balance	<u>\$ 829,995</u>	381,745	<u>\$ (448,250)</u>	(84,284)
Fund balance, beginning of year		<u>2,227,107</u>		<u>2,311,391</u>
Fund balance, end of year		<u>\$ 2,608,852</u>		<u>\$ 2,227,107</u>

(Concluded)

Mount Prospect School District 57
Transportation Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Local sources				
General levy	\$ 495,942	\$ 479,712	\$ (16,230)	\$ 243,450
Regular transportation fees from pupils or parents	300,000	289,872	(10,128)	299,783
Interest on investments	<u>20,000</u>	<u>27,023</u>	<u>7,023</u>	<u>8,606</u>
Total local sources	<u>815,942</u>	<u>796,607</u>	<u>(19,335)</u>	<u>551,839</u>
State sources				
Transportation - Regular/Vocational	3,000	3,204	204	3,520
Transportation - Special Education	<u>100,000</u>	<u>60,803</u>	<u>(39,197)</u>	<u>53,173</u>
Total state sources	<u>103,000</u>	<u>64,007</u>	<u>(38,993)</u>	<u>56,693</u>
Total revenues	<u>918,942</u>	<u>860,614</u>	<u>(58,328)</u>	<u>608,532</u>
Expenditures				
Support services				
Business				
Pupil transportation services				
Purchased services	735,600	773,400	(37,800)	683,686
Supplies and materials	<u>500</u>	<u>406</u>	<u>94</u>	<u>263</u>
Total support services	<u>736,100</u>	<u>773,806</u>	<u>(37,706)</u>	<u>683,949</u>
Total expenditures	<u>736,100</u>	<u>773,806</u>	<u>(37,706)</u>	<u>683,949</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 182,842</u>	<u>86,808</u>	<u>\$ (96,034)</u>	<u>(75,417)</u>
Fund balance, beginning of year		<u>809,310</u>		<u>884,727</u>
Fund balance, end of year		<u>\$ 896,118</u>		<u>\$ 809,310</u>

Mount Prospect School District 57
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Revenues				
Local sources				
General levy	\$ 440,838	\$ 359,241	\$ (81,597)	\$ 288,544
Social security/Medicare only levy	440,838	438,341	(2,497)	288,544
Corporate personal property replacement taxes	12,000	14,029	2,029	73,284
Interest on investments	<u>3,000</u>	<u>6,493</u>	<u>3,493</u>	<u>2,688</u>
Total local sources	<u>896,676</u>	<u>818,104</u>	<u>(78,572)</u>	<u>653,060</u>
Total revenues	<u>896,676</u>	<u>818,104</u>	<u>(78,572)</u>	<u>653,060</u>
Expenditures				
Instruction				
Regular programs	137,988	136,295	1,693	118,997
Special education programs	213,969	201,800	12,169	207,342
Interscholastic programs	2,736	1,968	768	1,705
Summer school programs	100	164	(64)	167
Bilingual programs	<u>5,301</u>	<u>5,142</u>	<u>159</u>	<u>4,910</u>
Total instruction	<u>360,094</u>	<u>345,369</u>	<u>14,725</u>	<u>333,121</u>
Support services				
Pupils				
Attendance and social work services	4,840	4,439	401	4,200
Health services	28,004	22,847	5,157	27,178
Psychological services	2,656	2,432	224	1,331
Speech pathology and audiology services	7,172	6,698	474	5,725
Other support services -pupils	<u>5,825</u>	<u>5,655</u>	<u>170</u>	<u>6,280</u>
Total pupils	<u>48,497</u>	<u>42,071</u>	<u>6,426</u>	<u>44,714</u>

(Continued)

Mount Prospect School District 57
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Instructional staff				
Improvement of instruction services	\$ 17,421	\$ 17,988	\$ (567)	\$ 19,047
Educational media services	<u>11,710</u>	<u>11,233</u>	<u>477</u>	<u>11,400</u>
Total instructional staff	<u>29,131</u>	<u>29,221</u>	<u>(90)</u>	<u>30,447</u>
General administration				
Executive administration services	17,658	17,510	148	17,489
Special area administrative services	<u>7,342</u>	<u>7,376</u>	<u>(34)</u>	<u>10,820</u>
Total general administration	<u>25,000</u>	<u>24,886</u>	<u>114</u>	<u>28,309</u>
School administration				
Office of the principal services	<u>73,320</u>	<u>64,638</u>	<u>8,682</u>	<u>64,428</u>
Total school administration	<u>73,320</u>	<u>64,638</u>	<u>8,682</u>	<u>64,428</u>
Business				
Direction of business support services	14,095	12,861	1,234	12,382
Fiscal services	22,936	19,432	3,504	29,568
Operation and maintenance of plant services	<u>101,248</u>	<u>103,525</u>	<u>(2,277)</u>	<u>109,490</u>
Total business	<u>138,279</u>	<u>135,818</u>	<u>2,461</u>	<u>151,440</u>
Central				
Staff services	13,950	11,294	2,656	12,714
Data processing services	<u>48,084</u>	<u>44,803</u>	<u>3,281</u>	<u>45,627</u>
Total central	<u>62,034</u>	<u>56,097</u>	<u>5,937</u>	<u>58,341</u>
Total support services	<u>376,261</u>	<u>352,731</u>	<u>23,530</u>	<u>377,679</u>

(Continued)

Mount Prospect School District 57
Municipal Retirement / Social Security Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Community services	\$ 32,547	\$ 28,747	\$ 3,800	\$ 29,483
Total expenditures	<u>768,902</u>	<u>726,847</u>	<u>42,055</u>	<u>740,283</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 127,774</u>	<u>91,257</u>	<u>\$ (36,517)</u>	<u>(87,223)</u>
Fund balance, beginning of year		<u>233,232</u>		<u>320,455</u>
Fund balance, end of year		<u>\$ 324,489</u>		<u>\$ 233,232</u>

(Concluded)

Mount Prospect School District 57

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

1. LEGAL COMPLIANCE AND ACCOUNTABILITY - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles, except that the District does not budget for "on-behalf" contributions from the State for the employer's share of the Teachers' Retirement Pension and the Teachers' Health Insurance Security Fund other post employment benefits. Annual budgets are adopted at the fund level for the governmental funds. The annual budget is legally enacted and provides for a legal level of control at the fund level.

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Administration 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.
- b) Public hearings are conducted and the proposed budget is available for inspection to obtain comments.
- c) By September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December each year, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
- d) Formal budgetary integration is employed as a management control device during the year for the governmental funds.
- e) Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education after the public hearing process mandated by law.
- f) The budget amounts shown in the financial statements are as originally adopted by the Board of Education on September 27, 2018.
- g) All budgets lapse at the end of the fiscal year.

2. EXPENDITURES IN EXCESS OF BUDGET

The following fund had expenditures in excess of budget for the year ended June 30, 2019:

<u>Fund</u>	<u>Variance</u>
Transportation	\$ 37,706

Mount Prospect School District 57

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

3. BUDGET RECONCILIATION

The statement of revenues, expenditures, and changes in fund balance - governmental funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the state of Illinois for the employer's share of the Teachers' Retirement System pension. The District does not budget for these amounts. The differences between the budget and GAAP basis are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
General fund - budgetary basis	\$ 26,876,442	\$ 21,929,579
To adjust for on-behalf payments received	6,129,216	-
To adjust for on-behalf payments made	-	6,129,216
	<u>\$ 33,005,658</u>	<u>\$ 28,058,795</u>

4. TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

Changes of Assumptions

For the 2018, 2017, and 2016 measurement years, the assumed investment rate of return was 7.00 percent, including an inflation rate of 2.50 percent and a real return of 4.50%. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.50 percent, including an inflation rate of 3.00 percent and real return of 4.50 percent. However, salary increases were assumed to vary by age.

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 IMRF CONTRIBUTION RATE*

Valuation Date:

Notes:

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

Mount Prospect School District 57

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 IMRF CONTRIBUTION RATE* (Continued)

Methods and Assumptions Used to Determine the 2018 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 25-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used in this valuation.
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 calculation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF mortality table was used with fully generational projections 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 adjustments 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.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

Mount Prospect School District 57
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

5. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 IMRF CONTRIBUTION RATE* (Continued)

Changes of Assumptions

For the 2018 measurement year, the assumed investment rate of return was 7.25 percent, including an inflation rate of 2.50 percent and a real return of 4.75%.

For the 2017, 2016, 2015 and 2014 measurement years, the assumed investment rate of return was 7.50 percent, including an inflation rate of 2.50 percent and a real return of 5.00%.

6. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 THIS CONTRIBUTION RATE*

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of June 30 each year, 12 months prior to the fiscal year in which contributions are reported.
Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Fiscal Year End	June 30, 2019

Methods and Assumptions Used to Determine the 2018 Contribution Rate:

Actuarial Cost Method	Aggregate Entry Age Normal
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Single equivalent discount rate	3.62%
Price 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.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.

SUPPLEMENTARY FINANCIAL INFORMATION

Mount Prospect School District 57

General Fund

COMBINING BALANCE SHEET

June 30, 2019

	Educational Account	Working Cash Account	Total
ASSETS			
Cash and investments	\$ 8,403,069	\$ 2,314,189	\$ 10,717,258
Receivables (net of allowance for uncollectibles):			
Property taxes	9,122,755	152,277	9,275,032
Intergovernmental	564,477	-	564,477
	<hr/>		
Total assets	<u>\$ 18,090,301</u>	<u>\$ 2,466,466</u>	<u>\$ 20,556,767</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 146,676	\$ -	\$ 146,676
Salaries and wages payable	1,944,690	-	1,944,690
Payroll deductions payable	139,120	-	139,120
Unearned revenue	271,291	-	271,291
	<hr/>		
Total liabilities	<u>2,501,777</u>	<u>-</u>	<u>2,501,777</u>
DEFERRED INFLOWS			
Property taxes levied for a future period	<u>9,122,755</u>	<u>152,277</u>	<u>9,275,032</u>
	<hr/>		
Total deferred inflows	<u>9,122,755</u>	<u>152,277</u>	<u>9,275,032</u>
FUND BALANCES			
Unassigned	<u>6,465,769</u>	<u>2,314,189</u>	<u>8,779,958</u>
	<hr/>		
Total fund balance	<u>6,465,769</u>	<u>2,314,189</u>	<u>8,779,958</u>
	<hr/>		
Total liabilities, deferred inflows, and fund balance	<u>\$ 18,090,301</u>	<u>\$ 2,466,466</u>	<u>\$ 20,556,767</u>

Mount Prospect School District 57

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2019

	Educational Account	Working Cash Account	Total
Revenues			
Property taxes	\$ 21,838,504	\$ 363,924	\$ 22,202,428
State aid	8,106,843	-	8,106,843
Federal aid	835,311	-	835,311
Interest	213,891	34,669	248,560
Other	1,612,516	-	1,612,516
Total revenues	<u>32,607,065</u>	<u>398,593</u>	<u>33,005,658</u>
Expenditures			
Current:			
Instruction:			
Regular programs	10,664,143	-	10,664,143
Special programs	3,344,379	-	3,344,379
Other instructional programs	391,917	-	391,917
State retirement contributions	6,129,216	-	6,129,216
Support services:			
Pupils	1,718,320	-	1,718,320
Instructional staff	831,821	-	831,821
General administration	729,449	-	729,449
School administration	1,513,892	-	1,513,892
Business	731,518	-	731,518
Central	1,031,888	-	1,031,888
Community services	265,087	-	265,087
Nonprogrammed charges	381,366	-	381,366
Capital outlay	325,799	-	325,799
Total expenditures	<u>28,058,795</u>	<u>-</u>	<u>28,058,795</u>
Excess of revenues over expenditures	<u>4,548,270</u>	<u>398,593</u>	<u>4,946,863</u>
Other financing sources (uses)			
Transfers out	(2,053,088)	-	(2,053,088)
Capital lease proceeds	234,444	-	234,444
Total other financing sources (uses)	<u>(1,818,644)</u>	<u>-</u>	<u>(1,818,644)</u>
Net change in fund balance	2,729,626	398,593	3,128,219
Fund balance, beginning of year	<u>3,736,143</u>	<u>1,915,596</u>	<u>5,651,739</u>
Fund balance, end of year	<u>\$ 6,465,769</u>	<u>\$ 2,314,189</u>	<u>\$ 8,779,958</u>

Mount Prospect School District 57

Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Original and Final Budget	Actual	Variance From Final Budget	Actual
Revenues				
Local sources				
General levy	\$ 828,277	\$ 831,868	\$ 3,591	\$ 666,637
Interest on investments	5,000	18,354	13,354	7,267
Total local sources	833,277	850,222	16,945	673,904
Federal sources				
Build America Bonds Interest Reimbursement	71,625	69,951	(1,674)	71,664
Total federal sources	71,625	69,951	(1,674)	71,664
Total revenues	904,902	920,173	15,271	745,568
Expenditures				
Debt service				
Bonds and other - interest	394,850	350,552	44,298	352,655
Total debt service - interest	394,850	350,552	44,298	352,655
Principal payments on long-term debt	455,000	497,341	(42,341)	461,543
Other debt service				
Other objects	2,000	2,299	(299)	5,646
Total	2,000	2,299	(299)	5,646
Total debt service	851,850	850,192	1,658	819,844
Total expenditures	851,850	850,192	1,658	819,844
Excess (deficiency) of revenues over expenditures	53,052	69,981	16,929	(74,276)

(Continued)

Mount Prospect School District 57
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		Variance From Final Budget	2018 Actual
	Original and Final Budget	Actual		
Other financing sources				
Transfer to pay for principal on capital leases	\$ 55,000	\$ 42,341	\$ (12,659)	\$ 26,543
Transfer to pay for interest on capital leases	<u>-</u>	<u>10,747</u>	<u>10,747</u>	<u>1,047</u>
Total other financing sources	<u>55,000</u>	<u>53,088</u>	<u>(1,912)</u>	<u>27,590</u>
Net change in fund balance	<u>\$ 108,052</u>	123,069	<u>\$ 15,017</u>	(46,686)
Fund balance, beginning of year		<u>1,275,274</u>		<u>1,321,960</u>
Fund balance, end of year		<u>\$ 1,398,343</u>		<u>\$ 1,275,274</u>

(Concluded)

Mount Prospect School District 57

Capital Projects Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018 Actual
	Original and Final Budget	Actual	Variance From Final Budget	
Expenditures				
Support services				
Facilities acquisition and construction services				
Capital outlay	<u>4,000,000</u>	<u>3,596,845</u>	<u>403,155</u>	<u>896,015</u>
Total support services	<u>4,000,000</u>	<u>3,596,845</u>	<u>403,155</u>	<u>896,015</u>
Total expenditures	<u>4,000,000</u>	<u>3,596,845</u>	<u>403,155</u>	<u>896,015</u>
Deficiency of revenues over expenditures	<u>(4,000,000)</u>	<u>(3,596,845)</u>	<u>403,155</u>	<u>(896,015)</u>
Other financing sources				
Transfer from Operations and Maintenance Fund	<u>4,000,000</u>	<u>3,596,845</u>	<u>(403,155)</u>	<u>896,015</u>
Total other financing sources	<u>4,000,000</u>	<u>3,596,845</u>	<u>(403,155)</u>	<u>896,015</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balance, beginning of year		-		-
Fund balance, end of year		<u>\$ -</u>		<u>\$ -</u>

Mount Prospect School District 57
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITY FUNDS
Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets				
Cash	\$ 92,455	\$ 175,458	\$ 175,312	\$ 92,601
Liabilities				
Due to student groups				
Administrative	\$ 39,105	\$ 30,176	\$ 65,491	\$ 3,790
Fairview School	7,200	35,568	29,266	13,502
Lincoln School	22,976	71,130	49,711	44,395
Lions Park School	5,175	27,602	23,629	9,148
Westbrook	17,999	10,982	7,215	21,766
	<u>\$ 92,455</u>	<u>\$ 175,458</u>	<u>\$ 175,312</u>	<u>\$ 92,601</u>

Mount Prospect School District 57
GENERAL LONG-TERM DEBT
SCHEDULE OF GENERAL OBLIGATION BONDS
Year Ended June 30, 2019

Maturity as follows for the

Year Ended June 30	<u>Refunding School Bonds, Series 2010A</u>			<u>School Bonds, Series 2010B</u>			<u>School Bonds, Series 2016</u>			<u>Total Bonds</u>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 415,000	\$ 51,900	\$ 466,900	\$ -	\$ 219,576	\$ 219,576	\$ 55,000	\$ 50,875	\$ 105,875	\$ 470,000	\$ 322,351	\$ 792,351
2021	430,000	35,000	465,000	-	219,576	219,576	55,000	49,775	104,775	485,000	304,351	789,351
2022	445,000	17,500	462,500	-	219,756	219,756	-	49,225	49,225	445,000	286,481	731,481
2023	215,000	4,300	219,300	250,000	213,326	463,326	-	49,225	49,225	465,000	266,851	731,851
2024	-	-	-	480,000	194,836	674,836	-	49,225	49,225	480,000	244,061	724,061
2025	-	-	-	500,000	169,471	669,471	-	49,225	49,225	500,000	218,696	718,696
2026	-	-	-	515,000	142,441	657,441	-	49,225	49,225	515,000	191,666	706,666
2027	-	-	-	535,000	113,288	648,288	-	49,225	49,225	535,000	162,513	697,513
2028	-	-	-	550,000	82,365	632,365	-	49,225	49,225	550,000	131,590	681,590
2029	-	-	-	575,000	50,303	625,303	-	49,225	49,225	575,000	99,528	674,528
2030	-	-	-	595,000	-	595,000	-	49,225	49,225	595,000	49,225	644,225
2031	-	-	-	-	-	-	640,000	40,425	680,425	640,000	40,425	680,425
2032	-	-	-	-	-	-	655,000	22,619	677,619	655,000	22,619	677,619
2033	-	-	-	-	-	-	495,000	6,806	501,806	495,000	6,806	501,806
	<u>\$ 1,505,000</u>	<u>\$ 108,700</u>	<u>\$ 1,613,700</u>	<u>\$ 4,000,000</u>	<u>\$ 1,624,938</u>	<u>\$ 5,624,938</u>	<u>\$ 1,900,000</u>	<u>\$ 613,525</u>	<u>\$ 2,513,525</u>	<u>\$ 7,405,000</u>	<u>\$ 2,347,163</u>	<u>\$ 9,752,163</u>

OTHER SUPPLEMENTAL INFORMATION
(Unaudited)

Mount Prospect School District 57
PROPERTY TAX RATES - LEVIES AND COLLECTIONS
LAST FIVE TAX LEVY YEARS

	2018	2017	2016	2015	2014
Assessed valuation	\$ 658,064,366	\$ 670,599,739	\$ 671,162,609	\$ 538,227,896	\$ 553,497,838
Rates Extended					
Educational	2.9574	2.9677	2.2336	2.6270	2.5132
Special Education	0.0380	0.0373	0.0315	0.0372	0.0222
Operations and Maintenance	0.5500	0.3645	0.3938	0.4645	0.4602
Transportation	0.0646	0.0671	0.0181	0.0214	0.0376
Working Cash	0.0500	0.0500	-	-	-
Municipal Retirement	0.0380	0.0597	0.0394	0.0464	0.0452
Social Security	0.0608	0.0597	0.0394	0.0464	0.0452
Debt Service	0.1156	0.1131	0.1135	0.1206	0.1171
Total rates extended	3.8744	3.7191	2.8693	3.3635	3.2407
Levies Extended					
Educational	\$ 19,461,815	\$ 19,901,365	\$ 14,990,866	\$ 14,139,409	\$ 13,910,767
Special Education	250,000	250,018	211,430	200,000	123,000
Operations and Maintenance	3,619,354	2,444,449	2,642,877	2,500,000	2,547,000
Transportation	425,000	450,031	121,573	115,000	208,000
Working Cash	329,032	335,300	106	100	100
Municipal Retirement	250,000	400,028	264,288	250,000	250,000
Social Security	400,000	400,028	264,288	250,000	250,000
Debt Service	760,566	758,571	761,709	648,925	648,138
Total levies extended	\$ 25,495,767	\$ 24,939,790	\$ 19,257,137	\$ 18,103,434	\$ 17,937,005
Total collections	\$ 13,441,457	\$ 24,562,090	\$ 18,776,175	\$ 17,888,822	\$ 17,701,705
Percentage of extensions collected	52.72%	98.49%	97.50%	98.81%	98.69%

Note: Tax Rates are expressed in dollars per \$100 of assessed valuation.

Mount Prospect School District 57
SCHEDULE OF OPERATING COSTS AND TUITION CHARGE
June 30, 2019 and 2018

	2019	2018
Operating costs per pupil		
Average Daily Attendance (ADA):	<u>2,102.60</u>	<u>2,195.30</u>
Operating costs:		
Educational	\$ 21,929,579	\$ 21,716,122
Operations and maintenance	1,840,026	1,788,057
Debt Service	850,192	819,844
Transportation	773,806	683,949
Municipal Retirement/Social Security	<u>726,847</u>	<u>740,283</u>
Subtotal	<u>26,120,450</u>	<u>25,748,255</u>
Less revenues/expenditures of nonregular programs:		
Payments to other district and govt. units	386,952	462,090
Summer school	12,642	12,260
Payments of principal on long-term debt	497,341	461,543
Capital outlay	337,965	62,406
Non-capitalized equipment	449,023	374,387
Community services	<u>293,834</u>	<u>281,078</u>
Subtotal	<u>1,977,757</u>	<u>1,653,764</u>
Total operating expenses	<u>\$ 24,142,693</u>	<u>\$ 24,094,491</u>
Operating costs per pupil - based on ADA	<u>\$ 11,482</u>	<u>\$ 10,975</u>
Tuition charge		
Operating costs	\$ 24,142,693	\$ 24,094,491
Less revenues from specific programs, such as special education or lunch programs	<u>3,616,459</u>	<u>3,527,762</u>
Net operating expenses	20,526,234	20,566,729
Depreciation allowance	<u>1,070,708</u>	<u>908,206</u>
Allowance tuition costs	<u>\$ 21,596,942</u>	<u>\$ 21,474,935</u>
Tuition charge per pupil - based on ADA	<u>\$ 10,272</u>	<u>\$ 9,782</u>