

**MORTON GROVE PUBLIC
SCHOOL DISTRICT NO. 70**
Morton Grove, Illinois

**FINANCIAL STATEMENTS AND
OTHER INFORMATION**
June 30, 2014



CliftonLarsonAllen

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
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INDEPENDENT AUDITORS' REPORT

Board of Education
Morton Grove Public School District No. 70
Morton Grove, 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 the Morton Grove Public School District No. 70 (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position - modified cash basis thereof for the year then ended in accordance with the cash basis of accounting described in Note 1 of the basic financial statements.

Basis of Accounting

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

Emphasis of Matter

Prior Period Adjustment

As explained in Note 10 to the basic financial statements, the District restated its June 30, 2013 net position and fund balances to change the classification of certain funds and for a change in the basis of accounting. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. We have applied certain limited procedures to Management's Discussion and Analysis, Budgetary Comparison Schedule for General Fund, and the Schedule of Funding Progress 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 to management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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 evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the District'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 result 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 the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
December 12, 2014

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

This analysis of Morton Grove Public School District No. 70 (the "District") provides a review of the District's financial activities for the year ended June 30, 2014 and should be read in conjunction with the audited financial statements.

Financial Highlights

Key financial highlights for the year ended June 30, 2014 (rounded to thousands) are as follows:

- Revenues increased \$1,294,000 and expenses increased \$1,493,000 in all combined funds from 2013 levels. Property taxes accounted for approximately 75% of total revenues. Property taxes increased \$434,000.
- For the year ended June 30, 2014, local revenue sources accounted for 79% of total revenue. State and federal revenue sources were 20% and 1%, respectively.
- Among major funds, the General Fund, which includes the Educational Fund, the Building Fund, and the Working Cash Fund, had \$14,256,000 in revenues and \$12,406,000 in expenditures. The General Fund's fund balance increased \$1,351,000 from 2013. The 2013 budget projected an increase of \$523,000.
- The District's total net position increased by \$2,146,000.

Using this Report

These audited financial statements consist of several different types of statements as well as notes to those statements. The statements are presented so as to report on the District as an entire entity as well as providing a detailed look at specific financial activities in major funds.

The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis provide information about the activities of the District in total. Governmental fund financial statements provide the next level of detail by presenting the District's most significant funds as well as all other non-major funds in a combining statement. For the District, the General Fund is by far the most significant fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities - Modified Cash Basis presents information showing how the District's net position changed during the most recent fiscal year. The activity related to capital acquisitions and payment of debt principal has been eliminated in this statement. Additionally, depreciation expense has been recorded.

The government-wide financial statements report all activities of the District as governmental activities.

The government-wide financial statements can be found on pages 3 and 4 of this report.

2. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are divided into two categories: Governmental Funds and Fiduciary Fund.

Governmental Funds - Governmental 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 near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near term financing requirements.

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 government's near term financing decisions. Both the Governmental Funds - Statement of Assets and Liabilities Arising From Cash Transactions and the Governmental Funds Statement - of Revenues Collected, Expenditures Paid, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual Governmental Funds: (The Educational, including Tort, Building, and Working Cash Fund comprise the General Fund). Information is presented separately in the Governmental Funds - Statement of Assets and Liabilities Arising From Cash Transactions and in the Governmental Fund Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances for the General Fund and Capital Projects Fund, which are the only major funds. Data from the other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major Governmental Funds is provided in the form of individual fund financial statements as other information in this report.

The basic Governmental Funds financial statements can be found on pages 5 and 7.

Fiduciary Fund - The Fiduciary Fund is used to account for resources held for the benefit of parties outside the government. The Fiduciary Fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic Fiduciary Fund financial statements can be found on page 9 of this report.

3. Notes to basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 10 through 26 of this report.

Other information - In addition to the financial statements and accompanying notes, this report also presents certain other information concerning the District's progress in funding its Illinois municipal retirement pension obligation for its employees. The District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has also been provided for the General Fund as other information to demonstrate compliance with these budgets.

Government-wide financial analysis

The Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis report combined school district activities. These statements include all the District's fund assets and liabilities and report the net position and the change in net position. The change in net position is important in determining whether the financial position of the District has improved or diminished over the past year. For the year ended June 30, 2014, the net position of the District increased by \$2,146,000 from the previous year.

Below is a summary of the District's net position (rounded to thousands) for 2014 and 2013:

Assets		
Cash and investments	\$ 21,355,000	\$ 17,532,000
Capital assets, net	<u>11,430,000</u>	<u>10,643,000</u>
Total assets	<u>\$ 32,785,000</u>	<u>\$ 28,175,000</u>
Liabilities		
Bonds payable - current	\$ 490,000	\$ 355,000
Bonds payable - long-term	<u>6,325,000</u>	<u>3,995,000</u>
Total liabilities	<u>\$ 6,815,000</u>	<u>\$ 4,350,000</u>
Net position		
Net investment in capital assets	\$ 4,615,000	\$ 6,293,000
Restricted for employees' retirement system	263,000	169,000
Restricted for tort	45,000	44,000
Unrestricted	<u>21,047,000</u>	<u>17,319,000</u>
Total net position	<u>\$ 25,970,000</u>	<u>\$ 23,825,000</u>

Cash and investments totaled \$21,355,000, an increase of \$3,862,000 from 2013.

Capital assets, net of depreciation, were \$11,403,000 as of June 30, 2014. This was an increase of \$787,000 from 2013. Total additions to capital assets during 2013 were \$1,308,000 and were offset by depreciation expense of \$521,000. Building improvements totaled \$1,016,000 and equipment purchases totaled approximately \$292,000.

The change in net position can also be shown from the change in revenue collected, less expenses paid, (rounded to thousands) as shown below:

Revenue Collected	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 426,000	\$ 425,000
Operating grants and contributions	<u>3,028,000</u>	<u>2,402,000</u>
Total program revenues	<u>3,454,000</u>	<u>2,827,000</u>
General revenues:		
Property taxes	11,562,000	11,107,000
State aid	393,000	293,000
Interest and investment earnings	<u>399,000</u>	<u>286,000</u>
Total general revenues	<u>12,354,000</u>	<u>11,686,000</u>
Total revenue collected	<u>15,808,000</u>	<u>14,513,000</u>
Expenses Paid		
Instruction	8,647,000	7,983,000
Support services	3,622,000	3,373,000
Other	<u>1,393,000</u>	<u>1,600,000</u>
Total expenses paid	<u>13,662,000</u>	<u>12,956,000</u>
Change in net position	2,146,000	1,557,000
Beginning net position, as restated	<u>23,824,000</u>	<u>22,268,000</u>
Ending net position	<u>\$ 25,970,000</u>	<u>\$ 23,825,000</u>

Reporting the School District's Most Significant Funds

The Governmental Funds - Statement of Assets and Liabilities Arising From Cash Transactions and the Governmental Funds - Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances, provide detailed information about the District's major funds and aggregate remaining fund information. The District uses five governmental funds to account for financial transactions. The most significant fund is the General Fund, which includes the Educational Account (including Tort), Building Account and Working Cash Account. All activity directly related to educating children, such as the cost of teachers, support personnel and administrators, textbooks and supplies, and services are accounted for in the Educational Account. The activities involved in operating and maintaining the District's property and buildings are accounted for in the Building Account. Over 84% of all expenditures occur in the General Fund.

buildings are accounted for in the Building Account. Over 84% of all expenditures occur in the General Fund.

Other Governmental Funds include activity related to the Debt Service Fund, Transportation Fund, Illinois Municipal Retirement Fund, and the Life Safety Fund.

Governmental Fund Financial Statements

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's Governmental Fund is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a district's net resources available for spending at the end of the fiscal year.

The following schedule presents the General Fund revenues collected (rounded to thousands) in 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Property taxes and payments in lieu of taxes	\$ 10,300,000	\$ 9,918,000
Earnings on investments	339,000	259,000
Food services	136,000	126,000
Pupil activities	68,000	122,000
Other local sources	218,000	170,000
State sources	3,011,000	2,342,000
Federal sources	<u>184,000</u>	<u>143,000</u>
Total General Fund	<u>\$ 14,256,000</u>	<u>\$ 13,080,000</u>

The following schedule presents the General Fund expenditures paid (rounded to thousands) in 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Instruction	\$ 8,522,000	\$ 7,869,000
Support services	2,878,000	2,679,000
Capital outlay	305,000	484,000
Community	<u>701,000</u>	<u>953,000</u>
Total General Fund expenditures	<u>\$ 12,406,000</u>	<u>\$ 11,985,000</u>

Capital Assets

At June 30, 2014, the District had \$11,430,000 invested in capital assets, which includes land, land improvements, buildings and improvements, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$787,000 from last year. Capital expenditures totaling \$1,308,000 consisted mainly of equipment purchases and building improvements. Depreciation expense for the year was \$521,000. See Note 5 to the financial statements for additional information.

Debt

At June 30, 2014, the District had the following debt outstanding:

- \$3,995,000 - Tax School Bonds, Series 2005
- \$2,820,000 - Tax School Bonds, Series 2014

See Note 6 to the financial statements for debt maturities.

Budgetary Highlights

In September 2013, the Illinois State Board of Education adopted the fiscal year 2013-14 budget for the General Fund budget that reflected total revenues of \$11,535,000 and total expenditures of \$11,013,000. Excess revenues totaling \$522,000 was projected. Actual General Fund revenues collected for fiscal year 2014 were \$14,256,000 and expenditures were \$12,406,000.

Requests for Information

This financial report is designed to provide citizens, taxpayers, parents, students, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Additional details can be requested at the following address:

Morton Grove Public School District #70
6200 Lake Street
Morton Grove, IL 60053

Or visit our website at: www.parkview70.net

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2014

ASSETS

Cash and cash equivalents	\$ 19,006,608
Capital assets, net of accumulated depreciation	<u>11,430,003</u>

TOTAL ASSETS	<u>\$ 30,436,611</u>
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LIABILITIES

Current liabilities	
Bonds payable - current portion	\$ 490,000
Long-term liabilities	
Bonds payable - long-term	<u>6,325,000</u>

TOTAL LIABILITIES	<u>\$ 6,815,000</u>
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NET POSITION

Net investment in capital assets	\$ 4,615,003
Restricted for employees' retirement system	263,537
Restricted for tort	44,678
Unrestricted	<u>21,047,306</u>

TOTAL NET POSITION	<u>\$ 25,970,524</u>
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The accompanying notes are an integral part of the financial statements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction - regular programs	\$ 4,851,572	\$ -	\$ -	\$ (4,851,572)
Instruction - special education	741,059	-	391,281	(349,778)
Instruction - other	3,054,261	-	2,226,752	(827,509)
Support services - student based	575,394	4,112	410,332	(160,950)
Support services - non-student based	3,046,662	421,910	-	(2,624,752)
Community	700,503	-	-	(700,503)
Interest on long-term debt	171,233	-	-	(171,233)
Other	-	-	-	-
Depreciation - unallocated	521,420	-	-	(521,420)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,662,104</u>	<u>\$ 426,022</u>	<u>\$ 3,028,365</u>	<u>(10,207,717)</u>
General revenues:				
Taxes:				
Property taxes and payments in lieu of taxes, levied for general purposes				11,561,936
State aid				392,578
Unrestricted investment earnings				<u>399,045</u>
Total general revenues				<u>12,353,559</u>
CHANGE IN NET POSITION				2,145,842
NET POSITION - BEGINNING OF YEAR, AS ORIGINALLY STATED				29,236,762
Prior period adjustments (see Note 10)				<u>(5,412,080)</u>
NET POSITION - BEGINNING OF YEAR, RESTATED				<u>23,824,682</u>
NET POSITION - ENDING OF YEAR				<u>\$ 25,970,524</u>

The accompanying notes are an integral part of the financial statements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 17,222,842	\$ 2,348,913	\$ 1,783,766	\$ 21,355,521
Interfund receivable	40,432	-	-	40,432
TOTAL ASSETS	<u>\$ 17,263,274</u>	<u>\$ 2,348,913</u>	<u>\$ 1,783,766</u>	<u>\$ 21,395,953</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Interfund payable	\$ -	\$ -	\$ 40,432	\$ 40,432
Total liabilities	-	-	40,432	40,432
 FUND BALANCES				
Restricted for:				
Tort	44,678	-	-	44,678
Employees retirement system	-	-	263,537	263,537
Unassigned	13,868,489	-	-	13,868,489
Assigned to:				
Building	1,046,061	-	-	1,046,061
Working cash	2,304,046	-	-	2,304,046
Debt service	-	-	1,007,541	1,007,541
Transportation	-	-	471,715	471,715
Capital projects	-	2,348,913	-	2,348,913
Life Safety	-	-	541	541
Total fund balances	17,263,274	2,348,913	1,743,334	21,355,521
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 17,263,274</u>	 <u>\$ 2,348,913</u>	 <u>\$ 1,783,766</u>	 <u>\$ 21,395,953</u>

The accompanying notes are an integral part of the financial statements.

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS
AND LIABILITIES ARISING FROM CASH TRANSACTIONS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2014**

Total fund balances - governmental funds		\$ 21,355,521
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets and related accumulated depreciation is:		
Cost of capital assets	\$ 18,902,450	
Accumulated depreciation	<u>(7,472,447)</u>	11,430,003
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
		<u>(6,815,000)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 25,970,524</u>

The accompanying notes are an integral part of the financial statements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUE COLLECTED				
Property taxes	\$ 9,849,815	\$ -	\$ 1,261,578	\$ 11,111,393
Payments in lieu of taxes	450,543	-	-	450,543
Transportation fees	-	-	4,112	4,112
Earnings on investments	338,677	25,455	34,913	399,045
Food services	135,517	-	-	135,517
Textbook rentals	68,559	-	-	68,559
Summer school tuition	-	-	-	-
Other local sources	217,834	-	-	217,834
State sources	3,011,303	-	225,594	3,236,897
Federal sources	184,046	-	-	184,046
	<u>14,256,294</u>	<u>25,455</u>	<u>1,526,197</u>	<u>15,807,946</u>
EXPENDITURES PAID				
Instruction - regular programs	4,851,572	-	-	4,851,572
Instruction - special education	741,059	-	-	741,059
Instruction - other	2,929,519	-	124,742	3,054,261
Support services - student based	575,394	-	-	575,394
Support services - non-student based	2,302,560	52,053	692,049	3,046,662
Community	700,503	-	-	700,503
Capital outlay	305,097	1,003,511	-	1,308,608
Debt service	-	-	526,233	526,233
	<u>12,405,704</u>	<u>1,055,564</u>	<u>1,343,024</u>	<u>14,804,292</u>
Net change in fund balance before other financing sources (uses)	1,850,590	(1,030,109)	183,173	1,003,654
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	500,000	-	500,000
Transfers to other funds	(500,000)	-	-	(500,000)
Proceeds from sale of bonds	-	2,820,000	-	2,820,000
	<u>(500,000)</u>	<u>3,320,000</u>	<u>-</u>	<u>2,820,000</u>
Net change in fund balance	1,350,590	2,289,891	183,173	3,823,654
FUND BALANCE, BEGINNING OF YEAR AS ORIGINALLY STATED				
	<u>14,749,041</u>	<u>-</u>	<u>2,782,826</u>	<u>17,531,867</u>
Prior period adjustments (see Note 10)	<u>1,163,643</u>	<u>59,022</u>	<u>(1,222,665)</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR RESTATED				
	<u>15,912,684</u>	<u>59,022</u>	<u>1,560,161</u>	<u>17,531,867</u>
FUND BALANCE, END OF YEAR	<u>\$ 17,263,274</u>	<u>\$ 2,348,913</u>	<u>\$ 1,743,334</u>	<u>\$ 21,355,521</u>

The accompanying notes are an integral part of the financial statements.

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE COLLECTED, EXPENDITURES PAID, AND CHANGES IN FUND
BALANCES WITH THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended June 30, 2014**

Total net change in fund balances - governmental funds \$ 3,823,654

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

Capital outlays are reported in governmental funds as
expenditures. However, in the Statement of Activities,
the cost of those assets is allocated over their estimated
useful lives as depreciation expense. Below are the
depreciation expense and capital outlays for the year:

Capital outlay/equipment	\$ 1,308,608	
Depreciation expense	<u>(521,420)</u>	787,188

Bond proceeds provide current financial resources to
governmental funds, but issuing debt increases
long-term liabilities in the Statement of Net Position. (2,820,000)

Repayments of bond principal are expenditures in the
governmental funds, but the repayment reduces
long-term debt in the Statement of Net Position. 355,000

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,145,842

The accompanying notes are an integral part of the financial statements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
June 30, 2014

ASSETS

Cash	<u>\$ 58,437</u>
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LIABILITIES

Due to organizations - Student Activity Funds	<u>\$ 58,437</u>
---	------------------

NET POSITION

<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Morton Grove Public School District No. 70 (the "District") is a school district serving elementary and junior high school students in Morton Grove, Illinois and the surrounding area. Revenues are substantially generated as a result of taxes assessed and allocated to the District and grants received from federal and state governmental entities. The District's revenues are, therefore, primarily dependent upon the availability of funds at the federal and state level and the local economy within the territorial boundaries of the District.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

(a) Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. The financial reporting entity consists of: (a) the primary government, the District, which as a separately elected governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

There are no component units of the District, nor is the District dependent on any other entity.

(b) Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities - Modified Cash Basis demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to students, employees, and others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Government-wide and Fund Financial Statements (continued)

Separate financial statements are provided for Governmental Funds and the Fiduciary Fund, even though the latter is excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide Financial Statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Revenues are recorded when the cash is received and expenses are recorded when they are paid. Under the modified cash basis, fixed assets and long-term debt are included on the Statement of Net Position – Modified Cash Basis.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized when the cash is received. Expenditures are recorded when they are paid. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as an asset of a fund. In the same manner, only liabilities resulting from a previous cash transaction are recorded as liabilities of a particular fund.

The District reports the following major governmental funds:

General Fund - The Educational, Building, and Working Cash Accounts comprise the General Operating Fund. It is used to account for all financial resources except those required to be accounted for in other funds.

The Educational Account includes the cost of regular operations, including educational costs, textbook costs, the food service department, and certain other special programs, including federal and state programs. This also includes the Tort Account, which had limited activity.

The Building Account includes the cost of maintaining, improving, or repairing school buildings and property.

The Working Cash Account is used to account for financial resources held by the District which may be temporarily loaned to other funds.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Additionally, the District reports the following fiduciary fund type:

Agency Fund - The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

(d) Assets, Liabilities, and Net Position

Deposits and Investments

The District's cash and cash equivalents are comprised of cash on hand, demand deposits, and certificates of deposit with a maturity at the date of purchase of three months or less. Cash and investments of the District are in the custody of the Niles Township Treasurer who maintains a common bank account for all the school districts within the Township. The Treasurer purchases investments from this account and informs the District of the amount of interest earned on the investments.

According to the District's investment policy, the District is allowed to invest in securities as authorized by the Illinois Compiled Statutes, which includes obligations of the U.S. Treasury, commercial paper, repurchase agreements, and certain authorized investment pools.

Certificates of deposit are stated at cost, which approximates fair value.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, and furniture and fixtures, are reported in the Government-wide Financial Statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Assets, Liabilities, and Net Position (continued)

Capital Assets (continued)

All buildings, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Vehicles	5
Computer equipment	5
Equipment	10
Furniture and fixtures	10

Long-Term Debt

In the Government-wide Financial Statements, long-term debt is reported as liabilities in the Statement of Net Position.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source.

Net Position and Fund Balance

Fund Balance

Fund Balance Classification: GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Assets, Liabilities, and Net Position (continued)

Net Position and Fund Balance (continued)

Fund Balance (continued)

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact. The District did not have any non-spendable resources as of June 30, 2014.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the state and federal grants as being restricted because their use is restricted by granting agencies. The District has also considered various taxes as being restricted because their use is restricted by state laws and regulations.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Illinois State Board of Education. These amounts cannot be used for any other purpose unless the Illinois State Board of Education removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2014.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Illinois State Board of Education or through the Illinois State Board of Education delegating this responsibility to the District's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Assets, Liabilities, and Net Position (continued)

Net Position and Fund Balance (continued)

- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. There were no deferred outflows of resources or deferred inflows of resources as of June 30, 2014. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

(e) Use of Estimates in Preparing Financial Statements

The preparation of financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues collected, expenditures paid, and other changes in fund equity during the reporting period. Actual results could differ from those estimates.

(f) Stewardship, Compliance, and Accountability

Budgetary Data

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

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Stewardship, Compliance, and Accountability (continued)

Budgetary Data (continued)

- 1) Prior to July 1, the superintendent submits to the board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
- 3) Prior to September 30, the budget is legally adopted through passage of an ordinance. Prior to the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
- 4) The board is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the board after following the public hearing procedures mandated by law. The budget, as reflected in this report, represents the original budget.
- 5) All appropriation lapse at the end of each fiscal year.

Cash basis budgeted amounts presented are the original budget amounts.

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. The District's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the District on the following January 1. Normally, taxes are due and payable in two installments in March and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30 or shortly thereafter by the County Collector's office. Final distribution to all taxing bodies is usually made no later than the first quarter of the next calendar year by the County Collector's office.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 - PROPERTY TAXES (continued)

Applicable current year (2013 and 2012 levies) tax rates as well as maximum tax rates are as follows:

	<u>Rate Per \$100 Assessed Valuation</u>		
	<u>2013 Levy</u>	<u>2012 Levy</u>	<u>Maximum</u>
Educational	3.4328	2.9099	3.5000
Building	.3416	.2790	.5500
Transportation	.1486	.1214	As needed
Illinois Municipal Retirement Fund	.0687	.0560	As needed
Social Security	.0687	.0560	As needed
Bond and Interest	.2109	.1823	As needed
Tort Immunity	.0000	.0000	As needed
Working Cash	.0394	.0322	.0500
Special Education	<u>.0394</u>	<u>.0322</u>	.4000
Total	<u>4.3501</u>	<u>3.6690</u>	

NOTE 3 - CASH

At June 30, 2014, the carrying amount of the District's deposits, which includes demand deposits and certificates of deposit, was \$21,355,521, all of which was covered by federal depository insurance, bank deposit guaranty bonds, or by collateral held in trust in the District's name.

NOTE 4 - COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, all funds maintain their un-invested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 185,220	\$ -	\$ -	\$ 185,220
Capital assets being depreciated:				
Buildings and improvements	15,009,818	1,015,908	-	16,025,726
Equipment	752,148	156,247	-	908,395
Computer equipment	1,434,249	136,453	-	1,570,702
Furniture and fixtures	157,537	-	-	157,537
Vehicles	54,870	-	-	54,870
Total capital assets being depreciated	<u>17,408,622</u>	<u>1,308,608</u>	<u>-</u>	<u>18,717,230</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,290,543)	(356,967)	-	(5,647,510)
Equipment	(559,337)	(33,354)	-	(592,691)
Computer equipment	(947,864)	(121,178)	-	(1,069,042)
Furniture and fixtures	(123,447)	(4,358)	-	(127,805)
Vehicles	(29,836)	(5,563)	-	(35,399)
Total accumulated depreciation	<u>(6,951,027)</u>	<u>(521,420)</u>	<u>-</u>	<u>(7,472,447)</u>
Governmental activities capital assets, net	<u>\$ 10,642,815</u>	<u>\$ 787,188</u>	<u>\$ -</u>	<u>\$ 11,430,003</u>

NOTE 6 - LONG-TERM DEBT

Tax School Bonds

The District issues Tax School Bonds to provide for the construction and rehabilitation of major capital facilities. Tax School Bonds currently outstanding are as follows:

The Tax School Bonds, Series 2005, were an original issue of \$5,560,000, dated April 1, 2005, providing for serial retirement of principal on December 1, beginning in 2009, and interest payable on June 1 and December 1 of each year at a rate of 3.75% to 4.25%.

The Tax School Bonds, Series 2014, were an original issue of \$2,820,000, dated April 10, 2014, providing for serial retirement of principal on December 1, beginning in 2014, and interest payable on June 1 and December 1 of each year at a rate of 1.0% to 2.80%.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - LONG-TERM DEBT (continued)

Tax School Bonds (continued)

At June 30, 2014, the annual cash flow requirements of debt principal and interest for the Tax School Bonds, Series 2005, were as follows:

<u>Years Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	4.000%	\$ 365,000	\$ 157,276	\$ 522,276
2016	4.000%	380,000	142,376	522,376
2017	4.250%	395,000	126,382	521,382
2018	4.125%	415,000	109,429	524,429
2019	4.125%	430,000	92,001	522,001
2020	4.125%	450,000	73,851	523,851
2021	4.100%	465,000	55,038	520,038
2022	4.100%	485,000	35,563	520,563
2023	4.200%	505,000	15,015	520,015
2024	4.200%	<u>105,000</u>	<u>2,205</u>	<u>107,205</u>
Total		<u>\$ 3,995,000</u>	<u>\$ 809,136</u>	<u>\$ 4,804,136</u>

At June 30, 2014, the annual cash flow requirements of debt principal and interest for the Tax School Bonds, Series 2014 were as follows:

<u>Years Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1.000%	\$ 125,000	\$ 41,609	\$ 166,609
2016	2.000%	135,000	63,595	198,595
2017	2.000%	140,000	60,895	200,895
2018	2.000%	140,000	58,095	198,095
2019	2.000%	145,000	55,295	200,295
2020	2.000%	375,000	52,395	427,395
2021	2.250%	380,000	44,895	424,895
2022	2.500%	390,000	36,345	426,345
2023	2.500%	320,000	26,595	346,595
2024	2.750%	330,000	18,595	348,595
2025	2.800%	<u>340,000</u>	<u>9,520</u>	<u>349,520</u>
Total		<u>\$ 2,820,000</u>	<u>\$ 467,834</u>	<u>\$ 3,287,834</u>

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 - LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Tax School Bonds	\$ 4,350,000	\$ 2,820,000	\$ (355,000)	\$ 6,815,000	\$ 490,000

Legal Debt Margin

The legal debt margin of the District at June 30, 2014 is as follows:

Assessed valuation 2013	<u>\$ 263,611,164</u>
Statutory debt limitation (6.9% of assessed valuation)	\$ 18,189,170
Less total debt	<u>6,815,000</u>
Legal debt margin	<u>\$ 11,374,170</u>

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Interfund Receivables/Payables and Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as "Interfund Receivables/Payables" on the accompanying financial statements.

The following were interfund borrowings at June 30, 2014:

- Educational Account owes Working Cash Account \$1,698,304.
- Municipal Retirement/Social Security Fund owes Working Cash Account \$40,432.

Interfund transfers made during the year ended June 30, 2014 were as follows:

- Educational Account transferred \$500,000 to Building Account.
- Building Account transferred \$500,000 to Capital Projects Fund.

These transfers were made in order to pay for building improvements.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 7 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

Excess of Total Expenditures Over Budget in Individual Funds

The following funds reflected an excess of expenditures over budget for the year ended June 30, 2014:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Debt Service	\$ -	\$ 526,233	\$ 526,233
Capital Projects	-	1,055,564	1,055,564
Transportation	525,307	560,035	34,728
Municipal Retirement/Social Security	248,430	256,756	8,326

Deficit Fund Balances of Individual Funds

There were no deficit fund balances in individual funds at June 30, 2014.

NOTE 8 - RETIREMENT COMMITMENTS

Teachers' Retirement System of the State of Illinois

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.

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 state of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2014 was 9.4% of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4% for the years ended June 30, 2013 and 2012.

The state of Illinois makes contributions directly to TRS on behalf of the District's TRS covered employees.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RETIREMENT COMMITMENTS (continued)

Teachers' Retirement System of the State of Illinois (continued)

On-behalf Contributions - The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2014, the state of Illinois contributions were based on 35.41% of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$2,136,338 in pension contributions that the state of Illinois paid directly to TRS. For the years ended June 30, 2013 and 2012, the state of Illinois contribution rates as percentages of creditable earnings were 28.05% and 24.91%, respectively. Total pension contributions were \$1,635,564 and \$1,434,998 for the years ended June 30, 2013 and 2012, respectively.

The District makes three other types of employer contributions directly to TRS:

- a) 2.2 Formula Contributions - For the years ended June 30, 2014, June 30, 2013 and June 30, 2012, employers contributed .58% of creditable earnings for the 2.2 formula changes. Contributions for the years ended June 30, 2014, June 30, 2013, and June 30, 2012 were \$34,974, \$33,819, and \$33,570, respectively.
- b) Federal and Trust Fund Contributions - When TRS members are paid from federal and trust funds administered from the District, there is a statutory requirement for the District to pay an employee pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the years ended June 30, 2014, June 30, 2013, and June 30, 2012, the employer pension contribution was 35.41%, 28.05%, and 24.91% of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2014, salaries totaling \$8,158 were paid from federal and special trust funds that required employer contributions of \$2,889. For the years ended June 30, 2013 and June 30, 2012, required employer contributions were \$0.

- c) Early Retirement Option - The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member. The maximum employer payment of 146.5% of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ended June 30, 2014, the District paid \$0 for employer contributions under the ERO. For the years ended June 30, 2013 and June 30, 2012, the District paid \$0.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RETIREMENT COMMITMENTS (continued)

Teachers' Retirement System of the State of Illinois (continued)

- d) Salary Increases Over 6% and Excess Sick Leave - If an employer grants salary increases over 6% and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6%.

For the year ended June 30, 2014, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6%. For the years ended June 30, 2013 and 2012, the employer paid \$0.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.29% of salary during the year ended June 30, 2014).

For the year ended June 30, 2014, the employer paid \$0 to TRS for sick leave days granted in excess of the normal annual allotment. For the years ended June 30, 2013 and 2012, the employer paid \$0.

Further Information on TRS

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS website at www.trs.illinois.gov.

Teacher Health Insurance Security

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post employment health care plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare parts A and B may be eligible to enroll in Medicare Advantage plans.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RETIREMENT COMMITMENTS (continued)

Teacher Health Insurance Security (continued)

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. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make a contribution to the THIS Fund.

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

- **On-Behalf Contributions to THIS Fund**

The state of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 0.97% of pay during the year ended June 30, 2014. State of Illinois contributions were \$58,522, and the employer recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88% of pay, respectively. State contributions on behalf of employees were \$53,644 and \$50,694, respectively.

- **Employer Contributions to THIS Fund**

The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.72 percent during the year ended June 30, 2014, and 0.69 and 0.66 percent during the years ended June 30, 2013 and June 30, 2012, respectively. For the year ended June 30, 2014, the employer paid \$43,439 to the THIS Fund. For the years ended June 30, 2013 and June 30, 2012, the employer paid \$40,233 and \$38,021, respectively, which was 100 percent of the required contribution.

Further Information on THIS Fund

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

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RETIREMENT COMMITMENTS (continued)

Pension Plan

Plan Description

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

Funding Policy

As set by statute, District regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 used by the District was 14.52%. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2013 was \$108,010. The following is the trend information applicable to the District for the three periods ended December 31, 2013:

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2013	\$ 108,010	100%	\$ -
December 31, 2012	\$ 97,424	100%	\$ -
December 31, 2011	\$ 94,201	92%	\$ -

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year, depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The District's regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30-year basis.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - RETIREMENT COMMITMENTS (continued)

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 54.72% funded. The actuarial accrued liability for benefits was \$1,758,978 and the actuarial value of the assets was \$962,530, resulting in an underfunded actuarial accrued liability (UAAL) of \$796,448. The covered payroll (annual payroll of active employees covered by the plan) was \$743,871 and the ratio of the UAAL to the covered payroll was 107%. The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. During the year ended June 30, 2014, there were no significant reductions in coverage.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

The June 30, 2013 net position and fund balances were restated for a change in basis of accounting to the modified cash basis. The effect of the restatements are noted below. In addition, several funds were reclassified in 2014 to the correct fund type. The effect of these restatements are below.

	<u>Net Position</u>	<u>General Fund</u>	<u>Projects Fund</u>	<u>Governmental Other Funds</u>
Net Position/Fund Balance, June 30, 2013, as previously reported.	\$ 29,236,762	\$14,749,041	\$ -	\$ 2,782,826
Adjustment to reflect change in accounting basis	(5,412,080)	-	-	-
Adjust to correct fund type	<u>-</u>	<u>1,163,643</u>	<u>59,022</u>	<u>(1,222,665)</u>
Net Position/Fund Balance, June 30, 2013, as restated	<u>\$ 23,824,682</u>	<u>\$15,912,684</u>	<u>\$ 59,022</u>	<u>\$ 1,560,161</u>

This information is an integral part of the accompanying financial statements.

OTHER INFORMATION

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual
	Original	Final	
REVENUE COLLECTED			
Property taxes	\$ 9,860,022	\$ 9,860,022	\$ 9,849,815
Payments in lieu of taxes	425,000	425,000	450,543
Earnings on investments	157,800	157,800	338,677
Food services	125,000	125,000	135,517
Textbook rentals	65,000	65,000	68,559
Private local sources	50,000	50,000	-
Other local sources	110,000	110,000	217,834
State sources	578,512	578,512	3,011,303
Federal sources	164,000	164,000	184,046
	<u>11,535,334</u>	<u>11,535,334</u>	<u>14,256,294</u>
Total revenue collected			
EXPENDITURES PAID			
Instruction - regular programs	5,091,432	5,091,432	4,851,572
Instruction - special education	703,839	703,839	741,059
Instruction - other	839,841	839,841	2,929,519
Support services - student based	566,720	566,720	575,394
Support services - non-student based	2,420,792	2,420,792	2,302,560
Community	857,700	857,700	700,503
Capital outlay	532,500	532,500	305,097
	<u>11,012,824</u>	<u>11,012,824</u>	<u>12,405,704</u>
Total expenditures paid			
Net change in fund balance before other financing uses	<u>522,510</u>	<u>522,510</u>	<u>1,850,590</u>
OTHER FINANCING USES			
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balance	<u>\$ 522,510</u>	<u>\$ 522,510</u>	<u>1,350,590</u>
FUND BALANCE, BEGINNING OF YEAR			<u>15,912,684</u>
FUND BALANCE, END OF YEAR			<u>\$ 17,263,274</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
ILLINOIS MUNICIPAL RETIREMENT FUND
OTHER INFORMATION - ANALYSIS OF FUNDING PROGRESS
Year Ended June 30, 2014
(Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
December 31:						
2013	\$ 962,530	\$ 1,758,978	\$ 796,448	54.72%	\$ 743,871	107.07%
2012	\$ 668,571	\$ 1,535,280	\$ 866,709	43.55%	\$ 706,483	111.52%
2011	\$ 948,980	\$ 1,748,464	\$ 799,484	54.28%	\$ 716,902	111.52%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$1,279,920. On a market basis, the funded ratio would be 72.73%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the District. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM
CASH TRANSACTIONS - OTHER NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

ASSETS	<u>Debt Service</u>	<u>Transportation</u>	<u>Municipal Retirement</u>	<u>Life Safety</u>	<u>Total</u>
Cash	\$ 1,007,541	\$ 471,715	\$ 303,969	\$ 541	\$ 1,783,766
TOTAL ASSETS	<u>\$ 1,007,541</u>	<u>\$ 471,715</u>	<u>\$ 303,969</u>	<u>\$ 541</u>	<u>\$ 1,783,766</u>
 LIABILITIES AND FUND BALANCES					
 LIABILITIES					
Interfund payable	\$ -	\$ -	\$ 40,432	\$ -	\$ 40,432
Total liabilities	<u>-</u>	<u>-</u>	<u>40,432</u>	<u>-</u>	<u>40,432</u>
 FUND BALANCES					
Restricted for:					
Employees retirement system	-	-	263,537	-	263,537
Assigned to:					
Debt service	1,007,541	-	-	-	1,007,541
Transportation	-	471,715	-	-	471,715
Life Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>541</u>	<u>541</u>
Total fund balances	<u>1,007,541</u>	<u>471,715</u>	<u>263,537</u>	<u>541</u>	<u>1,743,334</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,007,541</u>	 <u>\$ 471,715</u>	 <u>\$ 303,969</u>	 <u>\$ 541</u>	 <u>\$ 1,783,766</u>

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
COMBINING STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCES - OTHER NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	<u>Debt Service</u>	<u>Transportation</u>	<u>Municipal Retirement</u>	<u>Life Safety</u>	<u>Total</u>
REVENUE COLLECTED					
Local sources:					
Property taxes	\$ 541,732	\$ 374,362	\$ 345,484	\$ -	\$ 1,261,578
Transportation fees	-	4,112	-	-	4,112
Earnings on investments	19,701	9,233	5,969	10	34,913
Total local sources	561,433	387,707	351,453	10	1,300,603
State sources - transportation aid	-	225,594	-	-	225,594
Total revenue collected	<u>561,433</u>	<u>613,301</u>	<u>351,453</u>	<u>10</u>	<u>1,526,197</u>
EXPENDITURES PAID					
Current:					
Instruction	-	-	124,742	-	124,742
Supporting services	-	560,035	132,014	-	692,049
Capital Outlay	-	-	-	-	-
Debt service	526,233	-	-	-	526,233
Total expenditures paid	<u>526,233</u>	<u>560,035</u>	<u>256,756</u>	<u>-</u>	<u>1,343,024</u>
Net change in fund balances	35,200	53,266	94,697	10	183,173
FUND BALANCE, BEGINNING OF YEAR	<u>972,341</u>	<u>418,449</u>	<u>168,840</u>	<u>531</u>	<u>1,560,161</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,007,541</u>	<u>\$ 471,715</u>	<u>\$ 263,537</u>	<u>\$ 541</u>	<u>\$ 1,743,334</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
GENERAL FUND ACCOUNTS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

	Educational	Building	Working Cash	Total
ASSETS				
Cash	\$ 15,611,471	\$ 1,046,061	\$ 565,310	\$ 17,222,842
Interfund receivable (payable)	(1,698,304)	-	1,738,736	40,432
TOTAL ASSETS	\$ 13,913,167	\$ 1,046,061	\$ 2,304,046	\$ 17,263,274
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
 FUND BALANCES				
Restricted - Tort	44,678	-	-	44,678
Unassigned	13,868,489	-	-	13,868,489
Assigned to building	-	1,046,061	-	1,046,061
Assigned to working cash	-	-	2,304,046	2,304,046
Total fund balances	13,913,167	1,046,061	2,304,046	17,263,274
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 13,913,167	 \$ 1,046,061	 \$ 2,304,046	 \$ 17,263,274

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
GENERAL FUND ACCOUNTS
COMBINING STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2014

	<u>Educational</u>	<u>Building</u>	<u>Working Cash</u>	<u>Total</u>
REVENUE COLLECTED				
Local sources:				
Property taxes	\$ 8,890,586	\$ 860,049	\$ 99,180	\$ 9,849,815
Payments in lieu of taxes	450,543	-	-	450,543
Earnings on investments	310,898	17,919	9,860	338,677
Food services	135,517	-	-	135,517
Summer school tuition	-	-	-	-
Textbook rentals	68,559	-	-	68,559
Other local sources	<u>129,665</u>	<u>88,169</u>	<u>-</u>	<u>217,834</u>
Total local sources	9,985,768	966,137	109,040	11,060,945
State sources	3,011,303	-	-	3,011,303
Federal sources	<u>184,046</u>	<u>-</u>	<u>-</u>	<u>184,046</u>
Total revenue collected	<u>13,181,117</u>	<u>966,137</u>	<u>109,040</u>	<u>14,256,294</u>
EXPENDITURES PAID				
Current:				
Instruction	8,522,150	-	-	8,522,150
Supporting services	2,254,097	623,857	-	2,877,954
Community	700,503	-	-	700,503
Capital outlay	<u>136,453</u>	<u>168,644</u>	<u>-</u>	<u>305,097</u>
Total expenditures paid	<u>11,613,203</u>	<u>792,501</u>	<u>-</u>	<u>12,405,704</u>
Net change in fund balance before other finance sources	1,567,914	173,636	109,040	1,850,590
OTHER FINANCING USES				
Transfer to other funds	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Total other sources of funds	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balance	1,067,914	173,636	109,040	1,350,590
FUND BALANCES, BEGINNING OF YEAR				
	<u>12,845,253</u>	<u>872,425</u>	<u>2,195,006</u>	<u>15,912,684</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 13,913,167</u>	<u>\$ 1,046,061</u>	<u>\$ 2,304,046</u>	<u>\$ 17,263,274</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

	Cash	\$ <u>15,611,471</u>
TOTAL ASSETS		\$ <u>15,611,471</u>

LIABILITIES AND FUND BALANCE

	INTERFUND PAYABLE	\$ 1,698,304
FUND BALANCE		
	Restricted - Tort	44,678
	Unassigned	<u>13,868,489</u>
	Total fund balances	<u>13,913,167</u>
TOTAL LIABILITIES AND FUND BALANCE		\$ <u>15,611,471</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>
REVENUE COLLECTED		
Local sources:		
Property taxes	\$ 8,787,074	\$ 8,890,586
Payments in lieu of taxes	425,000	450,543
Earnings on investments	145,000	310,898
Food services	125,000	135,517
Activity fees received	-	450
Summer school tuition	50,000	-
Textbook rentals	65,000	68,559
Other local sources	110,000	129,215
	<u>9,707,074</u>	<u>9,985,768</u>
Total local sources		
State sources:		
General state aid	329,512	392,578
Special education	201,000	391,281
Bilingual education	47,000	31,892
School lunch and breakfast program	1,000	692
On-behalf payments for teachers' retirement	-	2,194,860
	<u>578,512</u>	<u>3,011,303</u>
Total state sources		
Federal sources:		
Title I - low income	76,000	78,014
School lunch and breakfast program	50,000	61,853
Title II - Teacher quality	15,000	14,102
Title III - English language acquisition	23,000	19,349
Special education - IDEA - Other	-	10,728
	<u>164,000</u>	<u>184,046</u>
Total federal sources		
	<u>10,449,586</u>	<u>13,181,117</u>
Total revenue collected		

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
EXPENDITURES PAID		
Current:		
Instruction:		
Regular programs:		
Salaries	3,991,952	3,923,808
Employee benefits	609,280	591,529
Purchased services	38,500	10,444
Supplies	404,700	325,486
Non-capitalized equipment	47,000	305
Total regular programs	5,091,432	4,851,572
Special education programs:		
Salaries	617,519	634,505
Employee benefits	74,320	86,565
Purchased services	2,000	3,376
Supplies	10,000	16,613
Total special education programs	703,839	741,059
Educationally deprived/remedial programs:		
Salaries	290,717	285,721
Supplies	10,000	9,501
Employee benefits	40,350	33,813
Total educationally deprived/remedial programs	341,067	329,035
Interscholastic programs:		
Salaries	35,000	46,909
Employee benefits	500	411
Supplies	5,650	4,049
Other miscellaneous	6,500	6,080
Total interscholastic programs	47,650	57,449
Summer school:		
Salaries	55,000	15,213
Employee benefits	525	199
Supplies	5,000	1,821
Total summer school	60,525	17,233

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
EXPENDITURES PAID (continued)		
Current (continued):		
Gifted:		
Salaries	105,935	105,334
Employee benefits	1,450	12,277
Supplies	1,000	646
Total gifted	108,385	118,257
Bilingual:		
Salaries	237,904	168,469
Employee benefits	23,760	22,775
Purchased services	1,500	1,036
Supplies	7,050	10,617
Other miscellaneous	12,000	9,788
Total bilingual	282,214	212,685
On-behalf payments for teachers retirements	-	2,194,860
Total instruction	6,635,112	8,522,150
Supporting services:		
Attendance and social work services:		
Salaries	124,274	127,858
Employee benefits	25,550	30,608
Total attendance and social work services	149,824	158,466
Health services:		
Salaries	35,708	35,284
Employee benefits	2,000	568
Supplies	1,800	1,008
Non-capitalized equipment	250	729
Total health services	39,758	37,589
Psychological services:		
Salaries	218,201	221,333
Employee benefits	15,225	23,393
Total psychological services	233,426	244,726

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014

	Budget	Actual
EXPENDITURES PAID (continued)		
Supporting services: (continued)		
Speech pathology and audiology services:		
Salaries	111,072	110,434
Employee benefits	20,390	16,941
Supplies	750	254
Total speech pathology and audiology services	132,212	127,629
Other support services - pupils:		
Supplies	6,500	5,011
Other miscellaneous	5,000	1,973
Total other support services - pupils	11,500	6,984
Improvement of instruction services:		
Employee benefits	25,000	1,160
Purchased services	46,200	69,319
Supplies	10,000	-
Total improvement of instruction services	81,200	70,479
Education media services:		
Salaries	324,299	323,985
Employee benefits	55,785	53,936
Purchased services	36,000	11,239
Supplies	51,000	40,432
Non-capitalized equipment	-	4,284
Total education media services	467,084	433,876
Computer assisted instruction:		
Purchased services	120,000	91,941
Assessment and testing	12,000	6,426
Board of education services:		
Purchased services	61,500	87,476
Supplies	2,000	1,642
Other miscellaneous	6,000	7,091
Total board of education services	69,500	96,209

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
EXPENDITURES PAID (continued)		
Supporting services: (continued)		
Executive administration services:		
Salaries	207,719	218,632
Employee benefits	4,700	3,168
Purchased services	10,100	8,246
Supplies	4,000	2,934
Other miscellaneous	3,500	2,584
Total executive administration services	230,019	235,564
Office of the principal:		
Salaries	272,367	272,359
Employee benefits	39,360	42,139
Purchased services	6,000	1,195
Supplies	25,000	4,842
Other miscellaneous	2,500	623
Total office of the principal	345,227	321,158
Direction of business support services:		
Purchased services	45,000	57,220
Fiscal services:		
Salaries	49,525	44,376
Purchased services	51,000	49,001
Total fiscal services	100,525	93,377
Operations and maintenance:		
Salaries	2,000	9,060
Employee benefits	1,000	892
Purchased services	40,000	44,967
Total operations and maintenance	43,000	54,919
Pupil transportation		
Employee benefits	675	437
Food services:		
Salaries	133,308	115,408
Employee benefits	16,000	4,154
Purchased services	2,000	-
Supplies	110,000	95,392
Other miscellaneous	1,000	-
Total food services	262,308	214,954

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
EDUCATIONAL ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	<u>Budget</u>	<u>Actual</u>
EXPENDITURES PAID (continued)		
Information services:		
Purchased services	25,000	2,143
Total supporting services	<u>2,368,258</u>	<u>2,254,097</u>
Community:		
Salaries	700	-
Purchased services	1,000	102
Supplies	6,000	4,363
	<u>7,700</u>	<u>4,465</u>
Payments to others:		
Payments to District	850,000	696,038
Total community	<u>857,700</u>	<u>700,503</u>
Capital outlay:		
Computer assisted instruction	24,500	17,620
Education media services	133,000	116,730
Executive administration services	2,000	-
Office of the principal	20,000	2,103
Food services	3,000	-
Total capital outlay	<u>182,500</u>	<u>136,453</u>
Total expenditures paid	<u>10,043,570</u>	<u>11,613,203</u>
Net change in fund balance before other other financing uses	<u>406,016</u>	1,567,914
OTHER FINANCING USES		
Transfer among funds	<u>-</u>	<u>(500,000)</u>
Net change in fund balance	<u>\$ 406,016</u>	1,067,914
FUND BALANCE, BEGINNING OF YEAR		<u>12,845,253</u>
FUND BALANCE, END OF YEAR		<u>\$ 13,913,167</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
BUILDING ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 1,046,061</u>
TOTAL ASSETS	<u><u>\$ 1,046,061</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
FUND BALANCE	
Assigned	<u>1,046,061</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,046,061</u></u>

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
BUILDING ACCOUNT
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014

	Budget	Actual
REVENUE COLLECTED		
Local sources:		
Property taxes	\$ 872,643	\$ 860,049
Earnings on investments	7,800	17,919
Other local sources	3,000	38,169
Other state sources	-	50,000
	883,443	966,137
EXPENDITURES PAID		
Current:		
Supporting services:		
Facilities acquisition and construction:		
Other objects	10,000	527
Purchased services	21,500	3,379
	31,500	3,906
Operation and maintenance of plant:		
Salaries	166,829	168,255
Employee benefits	24,100	20,674
Purchased services	182,500	216,455
Supplies and materials	227,000	211,995
Non-capitalized equipment	-	2,572
	600,429	619,951
Total operation and maintenance of plant	600,429	619,951
Total supporting services	631,929	623,857
Capital outlay:		
Facilities acquisition and construction	30,000	11,536
Operation and maintenance of plant	320,000	157,108
	350,000	168,644
Total capital outlay	350,000	168,644
Total expenditures paid	981,929	792,501
Net change in fund balance	\$ (98,486)	173,636
FUND BALANCE, BEGINNING OF YEAR		872,425
FUND BALANCE, END OF YEAR		\$ 1,046,061

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
WORKING CASH ACCOUNT
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	\$ 565,310
Interfund receivable	<u>1,738,736</u>
TOTAL ASSETS	<u>\$ 2,304,046</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
FUND BALANCE	
Assigned	<u>2,304,046</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,304,046</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
 WORKING CASH ACCOUNT
 STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Fiscal Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Property taxes	\$ 96,793	\$ 99,180
Earnings on investments	5,000	9,860
Total revenue collected	101,793	109,040
 EXPENDITURES PAID	 -	 -
Net change in fund balance	\$ 101,793	109,040
 FUND BALANCE, BEGINNING OF YEAR		 2,195,006
 FUND BALANCE, END OF YEAR		 \$ 2,304,046

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
DEBT SERVICE FUND
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 1,007,541</u>
TOTAL ASSETS	<u>\$ 1,007,541</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
FUND BALANCE	
Assigned	<u>1,007,541</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,007,541</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
DEBT SERVICE FUND
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Local sources:		
Property taxes	\$ -	\$ 541,732
Earnings on investments	-	19,701
Total revenue collected	-	561,433
 EXPENDITURES PAID		
Debt service:		
Principal retirement	-	355,000
Interest	-	171,233
Total expenditures paid	-	526,233
Net change in fund balance	\$ -	35,200
 FUND BALANCE, BEGINNING OF YEAR		 972,341
 FUND BALANCE, END OF YEAR		 \$ 1,007,541

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
CAPITAL PROJECTS FUND
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 2,348,913</u>
TOTAL ASSETS	<u>\$ 2,348,913</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
FUND BALANCE	
Assigned	<u>2,348,913</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,348,913</u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
CAPITAL PROJECTS FUND
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Earnings on investments	\$ 500	\$ 25,455
 EXPENDITURES PAID		
Supporting services:		
Facilities acquisition and construction:		
Purchased services	-	52,053
Total facilities acquisition and construction	-	52,053
Capital outlay:		
Facilities acquisition and construction	-	1,003,511
Total expenditures paid	-	1,055,564
Net change in fund balance before other financing sources	500	(1,030,109)
 OTHER FINANCING SOURCES		
Proceeds from sale of bonds	-	2,820,000
Transfer from other funds	-	500,000
Total other financing sources	-	3,320,000
Net change in fund balance	\$ 500	2,289,891
FUND BALANCE, BEGINNING OF YEAR		59,022
FUND BALANCE, END OF YEAR		\$ 2,348,913

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
TRANSPORTATION FUND
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 471,715</u>
TOTAL ASSETS	<u><u>\$ 471,715</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
FUND BALANCE	
Assigned	<u>471,715</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 471,715</u></u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
TRANSPORTATION FUND
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Local sources:		
Property taxes	\$ 392,310	\$ 374,362
Transportation fees	6,500	4,112
Earnings on investments	4,500	9,233
Total local sources	403,310	387,707
State sources:		
Transportation aid	182,000	225,594
Total revenue collected	585,310	613,301
 EXPENDITURES PAID		
Supporting services:		
Salaries	23,069	22,434
Employee benefits	2,100	-
Purchased services	500,138	537,601
Total expenditures paid	525,307	560,035
Net change in fund balance	\$ 60,003	53,266
FUND BALANCE, BEGINNING OF YEAR		418,449
FUND BALANCE, END OF YEAR		\$ 471,715

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
ILLINOIS MUNICIPAL RETIREMENT FUND
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 303,969</u>
TOTAL ASSETS	<u><u>\$ 303,969</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Interfund payable	<u>\$ 40,432</u>
Total liabilities	<u>40,432</u>
FUND BALANCE	
Restricted	<u>263,537</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 303,969</u></u>

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
ILLINOIS MUNICIPAL RETIREMENT FUND
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Property taxes	\$ 339,668	\$ 345,484
Earnings on investments	1,900	5,969
Total revenue collected	341,568	351,453
 EXPENDITURES		
Current:		
Instruction:		
Employer's share of retirement system, FICA, and Medicare	114,530	124,742
Supporting services:		
Employer's share of retirement system, FICA, and Medicare	133,900	132,014
Total expenditures paid	248,430	256,756
Excess of revenues over expenditures	\$ 93,138	94,697
 FUND BALANCE, BEGINNING OF YEAR		168,840
 FUND BALANCE, END OF YEAR		\$ 263,537

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
LIFE SAFETY FUND
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
June 30, 2014**

ASSETS

Cash	<u>\$ 541</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES	\$ -
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FUND BALANCE	
Assigned	<u>541</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 541</u>
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**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
LIFE SAFETY FUND
STATEMENT OF REVENUE COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2014**

	Budget	Actual
REVENUE COLLECTED		
Earnings on investments	\$ -	\$ 10
EXPENDITURES PAID	-	-
Net change in fund balance	\$ -	10
FUND BALANCE, BEGINNING OF YEAR		531
FUND BALANCE, END OF YEAR		\$ 541

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
AGENCY FUND - ACTIVITY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
ASSETS				
Cash	\$ 39,341	\$ 143,294	\$ 124,198	\$ 58,437
LIABILITIES				
Due to organizations - Student Activity Funds	\$ 39,341	\$ 143,294	\$ 124,198	\$ 58,437

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
AGENCY FUND - ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES
Year Ended June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
STUDENT ACTIVITY FUNDS				
Student Activity Fund	\$ 23,499	\$ 141,934	\$ 119,583	\$ 45,850
Activity Fund - Science Olympiad	<u>3,331</u>	<u>970</u>	<u>2,818</u>	<u>1,483</u>
Total Student Activity Funds	26,830	142,904	122,401	47,333
OTHER AGENCY FUNDS				
Stix Memorial Fund	<u>12,511</u>	<u>390</u>	<u>1,797</u>	<u>11,104</u>
TOTAL AGENCY AND ACTIVITY FUNDS	<u>\$ 39,341</u>	<u>\$ 143,294</u>	<u>\$ 124,198</u>	<u>\$ 58,437</u>