



Independent Auditor's Report

Board of Education
Morton Grove Public School District No. 70
Morton Grove, Illinois

We have audited the accompanying combined financial statements of Morton Grove Public School District No. 70 (the "District"), as of and for the year ended June 30, 2010, as listed in the table of contents. These combined financial statements are the responsibility of the District's Board of Education. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its combined financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2010, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplemental information as defined in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is presented fairly in all material respects, in relation to the combined financial statements taken as a whole.

Clifton Gunderson LLP

Oak Brook, Illinois
December 8, 2010

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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 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 District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Program Audit Manual.

Principles Used to Determine Scope of 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 generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of the potential component units addressed in defining the government's reporting entity.

The District is party to joint agreements which serve pupils from numerous districts. The joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are, therefore, excluded from the accompanying combined financial statements because the District does not control the assets, operations or management of the joint agreements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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

Basis of Presentation

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue collected and expenditures paid. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the combined financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

Governmental Fund Types

Governmental Fund Types, including the General, Special Revenue, Debt Service, and Capital Project Funds, are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The General Fund consists of the Education Fund and the Operations and Maintenance Fund, and is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds include both the Transportation Fund and the Illinois Municipal Retirement/Social Security Fund and are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund or Fiduciary Funds) that are legally restricted to expenditures for specified purposes.

The Debt Service Fund (Bond and Interest Fund) is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

The Capital Project Fund (Site and Construction Fund and Life Safety 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, 2010

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

Fiduciary Fund Types

Fiduciary Fund Types, including the Expendable Trust (Working Cash) and Agency (Student Activity and Memorial) Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The Expendable Trust Fund (Working Cash Fund) accounts for financial resources held by the District to be used for temporary interfund loans to the General Fund and Transportation Fund.

The Agency Fund (Student Activity and Memorial Fund) accounts for assets held by the District as an agent for the students and teachers and other funds. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

General Fixed Assets and General Long-Term Debt Account Group

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Long-term liabilities expected to be financed from governmental funds are accounted for in the Long-Term Debt Account Group, not in the Governmental Funds.

The Fixed Asset and Long-Term Debt Groups of Accounts are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

Basis of Accounting

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (receipts and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the combined financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash-basis combined financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

Budgets and Budgetary Accounting

The budget for all Governmental Fund types and for the Expendable Trust Fund is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes. The original budget was passed on September 21, 2009.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution. On September 21, 2009, the budget was officially adopted at a public hearing.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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

6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

Cash and Investments

Cash and investments of the District are in the custody of the Niles Township School Treasurer who maintains a common bank account for all 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.

General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated (except to determine the per capita tuition charge). Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. The remaining portion of such debt is reported to the general long-term debt account group.

Total Memorandum Only

Total columns on the combined financial statements are captioned, "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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.

Applicable current year (2009 and 2008 levies) tax rates as well as maximum tax rates are as follows:

<u>Fund</u>	<u>Rate Per \$100 Assessed Valuation</u>		
	<u>2009 Levy</u>	<u>2008 Levy</u>	<u>Maximum</u>
Educational	2.0935	2.0747	3.5000
Building	.1650	.1554	.5500
Transportation	.0761	.0598	As needed
Illinois Municipal Retirement	.0381	.0239	As needed
Social Security	.0381	.0239	As needed
Bond and Interest	.1371	.1337	As needed
Tort Immunity	.0000	.0000	As needed
Special Education	.0000	.0000	.4000
Working Cash	<u>.0254</u>	<u>.0120</u>	.0500
Total	<u><u>2.5733</u></u>	<u><u>2.4834</u></u>	

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Education Fund.

NOTE 3 - 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.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - RETIREMENT COMMITMENTS (continued)

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, 2010 was 9.4% of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund health insurance contribution was 0.63% during the year ended June 30, 2010, and the member THIS Fund health insurance contribution was 0.84%.

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

On-behalf Contributions - The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, the State of Illinois contributions were based on 9.4% of creditable earnings, and the District recognized revenue and expenditures of \$512,096 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009 and 2008, the State of Illinois contribution rates as percentages of creditable earnings were 9.4%. Total pension contributions were \$491,736 and \$450,533 for the years ended June 30, 2009 and 2008, respectively.

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

- a) 2.2 Formula Contributions. For the years ended June 30, 2010, June 30, 2009 and June 30, 2008, employers contributed .58% of creditable earnings for the 2.2 formula changes. Contributions for the years ended June 30, 2010, June 30, 2009 and June 30, 2008 were \$31,597, \$30,337, and \$27,951, 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. For the year ended June 30, 2010, salaries totaling \$81,928 were paid from federal and trust funds that required employer contributions of \$19,155. For the year ended June 30, 2009, salaries totaling \$42,276 were paid from the federal and trust funds that required employer contributions of \$7,221. For the year ended June 30, 2008, salaries totaling \$21,888 were paid from the federal and trust funds that required employer contributions of \$2,870.
- 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. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100% 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, 2010, the District paid \$0 for employer contributions under the Early Retirement Option. For the years ended June 30, 2009 and June 30, 2008, the District paid \$0.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - RETIREMENT COMMITMENTS (continued)

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, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010.

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.

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 on-line 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 2009 was 11.11% of annual covered payroll. 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

For fiscal year ended December 31, 2009, the District's annual pension cost of \$75,226 for the regular plan was equal to the District's required and actual contributions. Following is the trend information applicable to the District for the three periods ended December 31, 2009:

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2009	\$ 75,226	100%	\$ -
December 31, 2008	\$ 68,955	100%	\$ -
December 31, 2007	\$ 65,630	100%	\$ -

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - RETIREMENT COMMITMENTS (continued)

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% 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 15% corridor between the actuarial and market value of assets. The District's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 23 years.

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 58.68% funded. The actuarial accrued liability for benefits was \$1,432,955 and the actuarial value of the assets was \$840,821, resulting in an underfunded actuarial accrued liability (UAAL) of \$592,134. The covered payroll (annual payroll of active employees covered by the plan) was \$677,101 and the ratio of the UAAL to the covered payroll was 87%. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30-year basis. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 840,821	\$ 1,432,955	\$ 592,134	58.68%	\$ 677,101	87.45%
12/31/08	811,762	1,393,992	582,230	58.23%	622,339	93.56%
12/31/07	1,083,435	1,347,714	264,276	80.39%	599,361	44.09%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$797,302. On a market basis, the funded ratio would be 55.64%.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets of the District for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Land improvements	172,222	-	-	172,222
Buildings	17,352,003	9,210	-	17,361,213
Equipment	1,941,776	98,062	-	2,039,838
Transportation equipment	<u>32,078</u>	<u>-</u>	<u>-</u>	<u>32,078</u>
Total	<u>\$ 19,511,079</u>	<u>\$ 107,272</u>	<u>\$ -</u>	<u>\$ 19,618,351</u>

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Tax School Bonds, Series 2005	\$ 5,560,000	\$ -	\$ 225,000	\$ 5,335,000
Tax School Bonds, Series 2000	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Total	<u>\$ 5,640,000</u>	<u>\$ -</u>	<u>\$ 305,000</u>	<u>\$ 5,335,000</u>

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 2000 were an original issue of \$2,800,000, dated October 1, 2000, providing for serial retirement of principal on December 1, and interest payable on June 1 and December 1 of each year at rate of 4.0% to 9.0%. The bonds were paid in full.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT (continued)

At June 30, 2010, the annual cash flow requirements of debt principal and interest for the Tax School Bonds, Series 2005 were as follows:

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.750%	\$ 315,000	\$ 208,920	\$ 523,920
2012	3.750%	330,000	196,826	526,826
2013	3.750%	340,000	184,263	524,263
2014	3.750%	355,000	171,232	526,232
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>
Totals		<u>\$ 5,335,000</u>	<u>\$ 1,570,377</u>	<u>\$ 6,905,377</u>

Legal Debt Margin

The legal debt margin of the District at June 30, 2010 is as follows:

Assessed valuation 2009	<u>\$ 405,822,300</u>
Statutory debt limitation (6.9 percent of assessed valuation)	\$ 28,001,739
Less total debt	<u>5,335,000</u>
Legal debt margin	<u>\$ 22,666,739</u>

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 - CONTINGENCIES AND COMMITMENTS

Federal and State Grants

The District has received funding from state and federal grants in the current and prior years which are subject to audits by granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

Litigation

The District is party to several tax rate objections. The amount of loss, if any, is not reasonably estimable. Outside counsel for the District has advised that at this stage in the proceedings, it cannot offer an opinion as to the probable outcome.

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