



AGENDA
BOARD OF EDUCATION – MOKENA SCHOOL DISTRICT 159
FINANCE COMMITTEE MEETING
Mokena Elementary School
September 9, 2019
7:00 PM

I. ROLL CALL	
II. PLEDGE OF ALLEGIANCE	
III. PUBLIC COMMUNICATION	
IV. Approval of Previous Minutes	2
V. OLD BUSINESS	
A. Tentative FY20 Budget Update	4
VI. NEW BUSINESS	
A. Auditor Presentation	14
B. McKinstry Project Presentation	129
VII. ITEMS FOR October 2019 MEETING	
VIII. ADJOURNMENT	

MINUTES
MOKENA SCHOOL DISTRICT 159 FINANCE COMMITTEE
MOKENA ELEMENTARY SCHOOL
August 12, 2019

BOARD OF EDUCATION

	PRESENT	ABSENT
Dr. Victoria Albon		✓
Mrs. Debi Blank	✓	
Mr. Eric Bush	✓	
Mr. Alex Fenske		✓
Ms. Laurel McGowan	✓	
Mrs. Jennifer Riedl	✓	
Mrs. Carlyne Scanlan		✓
Dr. Teri Shaw	✓	
Mrs. Rita Ulrich		
Mrs. Bonnie Ushijima	✓	
Dr. Don White	✓	

BOE Members present: Mr. Everett, Mrs. Zielinski, Mrs. Staley, Mrs. Briscoe

STAFF present: None.

VISITORS present: None

PRESS: None

ROLL CALL /PLEDGE OF ALLEGIANCE

At 7:00pm Roll Call was taken; Chairman Bush led the committee and audience in the reciting of the Pledge of Allegiance.

III. COMMUNICATIONS

PUBLIC: None

IV. APPROVAL OF PREVIOUS MINUTES

A motion was made by Mr. Bush to approve the May 6, 2019 minutes as presented; Mrs. Riedl second the motion.

V. OLD BUSINESS

A. SPED Financials and Data

- Student Staff Ratio was reviewed
- Data for ratio from peer group was reviewed
- Staffing recommendation from ISBE EBF formula was reviewed

VI. NEW BUSINESS

A. Tentative FY20 Budget

B. Tentative Budget with a Deficit of **\$1,998,083**

- Education Fund deficit of **\$471,749**
 - Chromebook Purchase
 - Infrastructure upgrades
 - Contractual obligations
- O&M Fund deficit of **\$1,339,699**
 - Security Upgrades
 - Information Tech Upgrades
 - Capital Projects

- Lower Capital Projects by \$200,000
- Review Capital Projects at next finance committee meeting
- Ending fund balance outside board policy parameters of 33-65%
- Transportation Fund deficit of \$200,242

VII. ITEMS FOR SEPTEMBER 2019 MEETING

- A. McKinstry Project Presentation
- B. Auditor Presentation
- C. Review adjustments to FY20 Budget

VIII. ADJOURMENT

At 8:04pm Chairman Bush adjourned the Finance Committee July 12, 2019 meeting. Committee adjourned all in favor.

Minutes Respectfully Submitted by
Dr. Teri Shaw



BUDGET APPROVAL

4

**FY20 Budget Approval Request
September 18, 2019**



Budget Summary

- Board Policy 4:20 Fund Balances

The Superintendent or designee shall maintain fund balances adequate to ensure the District's ability to maintain levels of service and pay its obligations in a prompt manner in spite of unforeseen events or unexpected expenses. The superintendent shall inform the Board whenever it should discuss drawing upon reserves or borrowing money.

The School District seeks to maintain the year-end average fund balance to no less than the **range of 33-65 percent of the annual expenditures in each fund**. In the event that the year-end average fund balance falls outside of this range the Superintendent or designee shall provide the Board with an explanatory report detailing plans for operating outside the established range and a timeline for returning within this range. For example, implementing a curriculum or technology improvement plan, or saving for a significant capital improvement project.



Budget Adjustments

- Budget Revenue Adjustments from tentative budget
 - Increase of \$40K in Ed fund
 - Release of Evidence Based Funding from ISBE
- Budget Expense Change
 - Ed Fund
 - Finalizing contract obligations
 - Budgeting for supplies and software
 - Building Fund
 - Lower Capital Projects by \$200K
 - Transportation Fund
 - IMRF/SS Fund
 - Increase IMRF expenses



Budget Summary

- Budget Priorities
 - Safety and Security
 - Contractual Obligations
 - Fund Balances within Board Policy Parameters
- O&M Fund
 - With the passage of referendum, the O&M fund will begin to build fund balance to established parameters in FY21
- IMRF/SS Fund
 - FY18 - 32%
 - FY19 - 31%
 - FY20 - 5%
 - Levy appropriately in FY21 to rebuild fund balance in IMRF/SS over two years to build fund balance to established parameters



Budget Summary by Fund

Tentative Budget Fiscal Year 2020	Revenue	Expenses	Over/Under
EDUCATION FUND	15,340,078	15,766,822	(426,744)
OPERATIONS & MAINTENANCE	1,833,699	2,918,265	(1,084,566)
BOND & INTEREST FUND	2,265,675	2,265,138	537
TRANSPORTATION FUND	725,667	917,142	(191,475)
IMRF/SOCIAL SECURITY FUND	374,027	558,165	(184,138)
SITE AND CONSTRUCTION/CAPITAL	100	-	100
New Concstruction			
WORKING CASH FUND	113,773	1	113,772
TORT FUND	144,215	153,101	(8,886)
LIFE SAFETY FUND	1	1	-
Totals:	\$ 20,797,235	\$ 22,578,635	\$ (1,781,400)

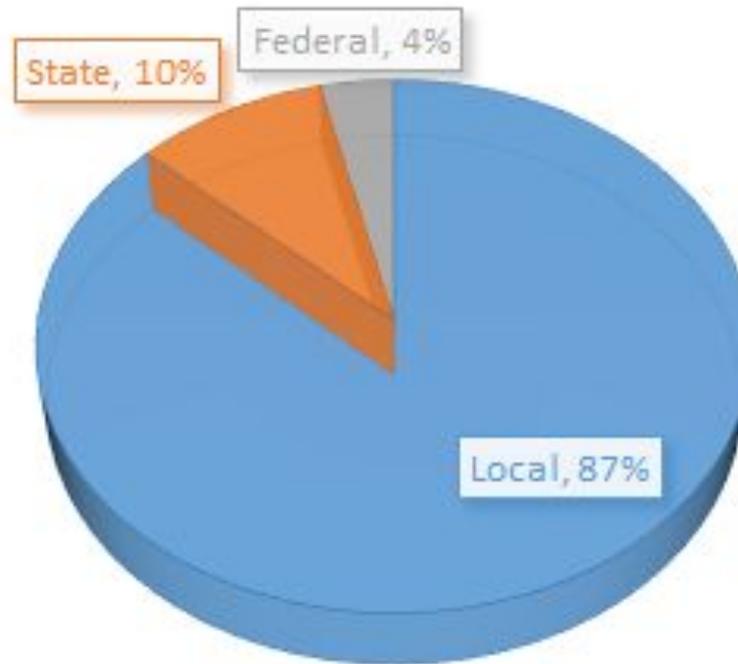


Budget Summary by Fund Balance

Tentative Budget Fiscal Year 2020	Beginning Fund Balance	Over/Under	Ending Fund Balance	Percentage of balance to annual expenditures
EDUCATION FUND	8,691,333	(426,744)	8,264,589	52%
OPERATIONS & MAINTENANCE	1,171,486	(1,084,566)	86,920	3%
BOND & INTEREST FUND	1,444,884	537	1,445,421	64%
TRANSPORTATION FUND	1,251,590	(191,475)	1,060,115	116%
IMRF/SOCIAL SECURITY FUND	209,899	(184,138)	25,761	5%
SITE AND CONSTRUCTION/CAPITAL	36,051	100	36,151	
New Concstruction	5,545		5,545	
WORKING CASH FUND	2,358,164	113,772	2,471,936	2471936%
TORT FUND	145,241	(8,886)	136,355	89%
LIFE SAFETY FUND	803	-	803	803%
Totals:	15,314,996	\$ (1,781,400)	13,533,596	60%
Remove the Working Cash Fund			11,061,660	49%



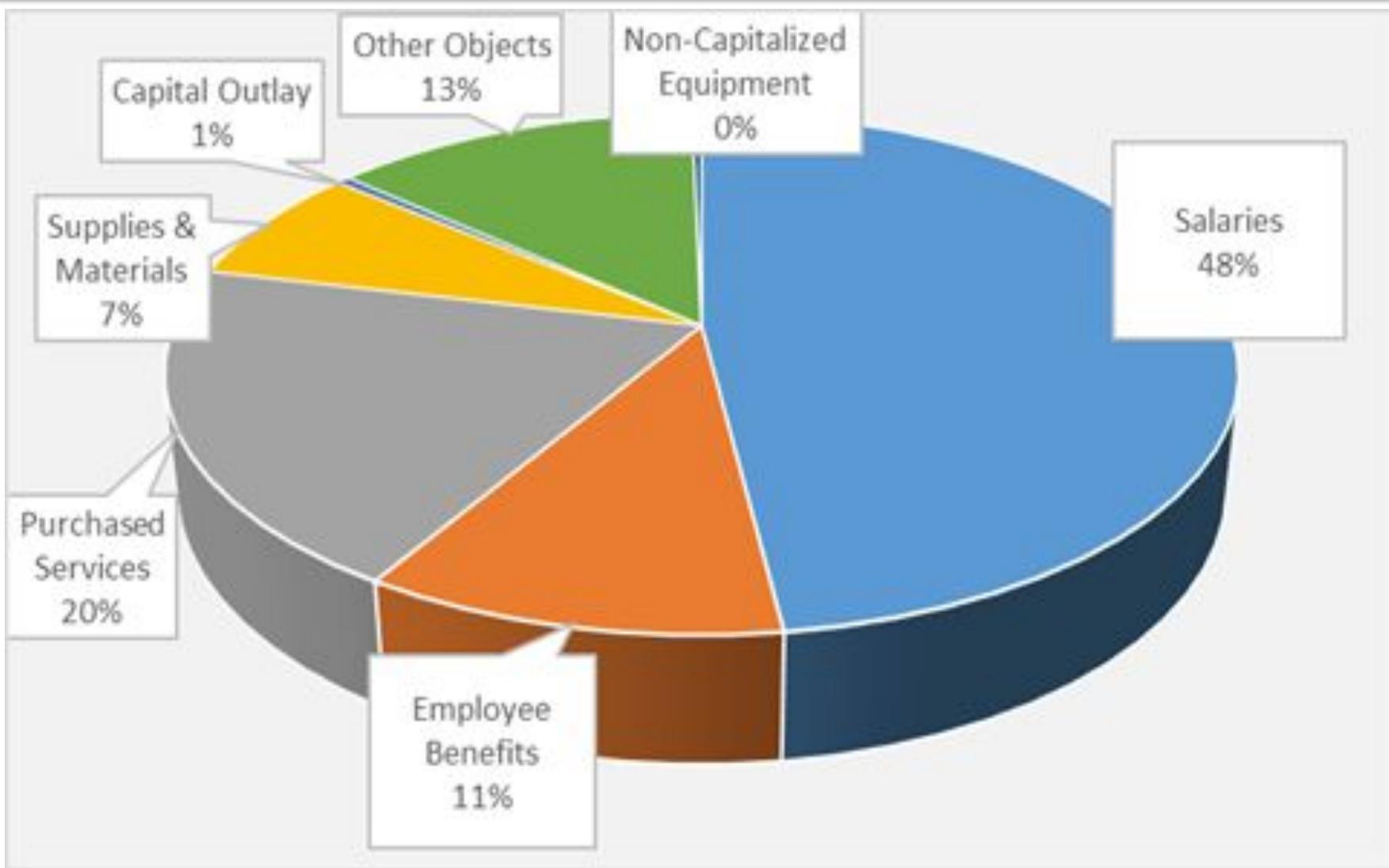
Revenues - All Funds



Local	87%	18,038,149
State	10%	1,993,486
Federal	4%	765,599
		20,797,234

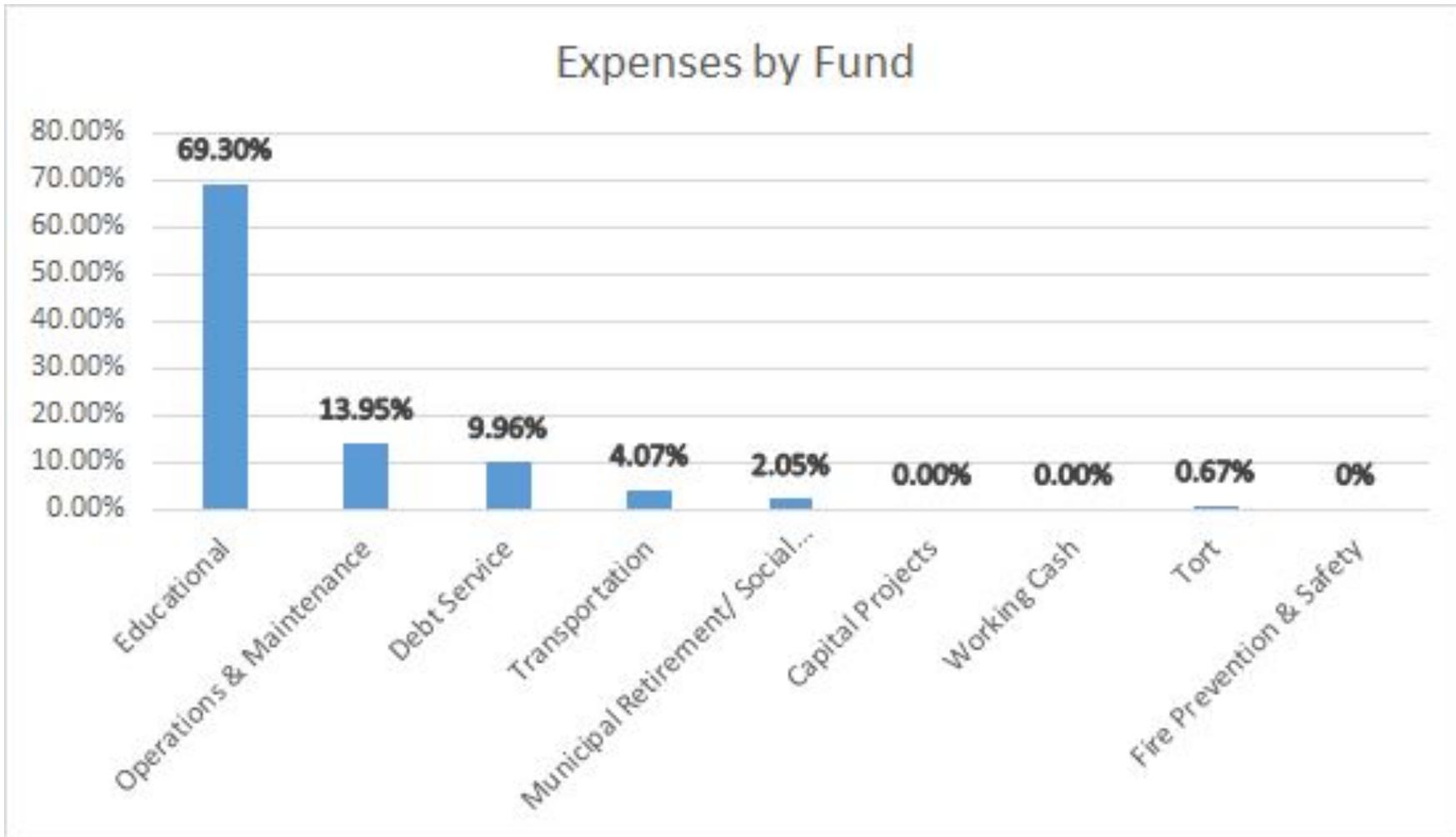


Expenses - All Funds





Expenses by Fund





Budget Highlights

- Education Fund with an over/under of **\$426,744**
 - Technology Upgrades
 - MJS Chromebook purchase approx \$150K
 - District wide infrastructure update \$120K
 - Copy Machines ~ \$50K
 - Phone Systems ~ \$50K
- Operations & Maintenance Fund with an over/under of **\$1,084,566**
- Security Project ~ \$200K
 - HVAC and Mechanical Improvement ~ 100K
 - HVAC and Mechanical Repairs and Maintenance ~ 100K
 - Windows and Doors ~ 50K
 - Capital Projects - District wide ~ 200K
 - Non-Capital Equipment ~ 50K
 - Grounds Supplies and Services ~ 60K
 - Asphalt repairs ~ 80K
- All Funds ~ FY20 budget has a **\$1,781,400** Deficit

MOKENA SCHOOL
DISTRICT NO. 159, ILLINOIS

ANNUAL FINANCIAL REPORT



"Where Children Are The First Priority"

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

MOKENA SCHOOL DISTRICT NO. 159

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FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

Date

Members of the Board of Education
Mokena School District No. 159
Mokena, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mokena School District No. 159, Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mokena School District No. 159, Illinois, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mokena School District No. 159, Illinois', basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules 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 budgetary comparison schedules and supplemental 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, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated Date, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

The discussion and analysis of Mokena School District No. 159's (the "District") financial performance provides an overall review of the District's financial activities as of and for the year ended June 30, 2019. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

FINANCIAL HIGHLIGHTS

- In total, net position decreased by \$82,177. This represents an 0.4% decrease from 2018.
- General revenues accounted for \$18,625,585 in revenues or 71.9% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$7,279,190 or 28.1% of total revenues of \$25,904,775.
- The District had \$25,986,952 in expenses related to government activities. However, only \$7,279,190 of these expenses were offset by program specific charges and grants.
- Revenues for fiscal year 2019 (FY19), as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$20,469,467, exclusive of on-behalf payments to the Teacher's Retirement System. Expenditures for FY19 were \$20,551,644, also exclusive of State of Illinois payments to the Teachers Retirement System.
- The Illinois Teacher's Retirement System receives on-behalf pension and post-retirement health insurance programs from the State of Illinois for District 159 certified staff. In FY19, \$5,435,308 was included in the total revenues and expenditures of District 159 representing the State of Illinois contributions.
- Actual revenues received in FY19 for the General Fund, exclusive of the State of Illinois on-behalf payment to the Teachers Retirement System, was \$17,105,811. Actual expenditures exclusive of on-behalf contributions were \$17,080,243 in FY19.
- The District made payments of \$731,558 on its long-term bond principal. The District did not issue any long-term debt in the current fiscal year. As of June 30, 2019, total outstanding long-term debt was \$7,201,407.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 - 6) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4 - 6 of this report.

The Statement of Net Position reports 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. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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 the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Fund, Debt Service Fund and Capital Projects Fund, all of which are considered a major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all of the governmental funds, except the Fire Prevention and Safety Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages **7 - 10** of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are 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 accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page **11** of this report.

Notes to the 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 the financial statements can be found on pages **12 - 52** of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's Teacher's Retirement pension obligation and combining schedule and individual fund information. Other supplementary information can be found on pages **53 - 83** of this report.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets exceeded liabilities by \$23,199,269.

	Net Position	
	2019	2018
Current/Other Assets	\$ 15,317,559	15,574,442
Capital Assets	15,085,680	15,642,700
Total Assets	<u>30,403,239</u>	<u>31,217,142</u>
Long-Term Debt	6,525,000	7,201,407
Other Liabilities	678,970	734,289
Total Liabilities	<u>7,203,970</u>	<u>7,935,696</u>
Net Position		
Net Investment in Capital Assets	7,884,273	7,709,735
Restricted	1,842,422	1,921,694
Unrestricted	<u>13,472,574</u>	<u>13,650,017</u>
Total Net Position	<u>23,199,269</u>	<u>23,281,446</u>

A large portion of the District's net position, \$7,884,273 or 34.0 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$1,842,422 or 7.9 percent, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining 58.1 percent, or \$13,472,574, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2019	2018
Revenues		
Program Revenues		
Charges for Services	\$ 643,957	827,339
Operating Grants/Contrib.	6,635,233	7,378,088
General Revenues		
Property Taxes	16,601,699	16,934,857
Personal Property Replacement Taxes	115,911	107,144
General State Aid	1,385,311	1,353,159
Other General Revenues	522,664	284,804
Total Revenues	<u>25,904,775</u>	<u>26,885,391</u>
Expenses		
Instructional	16,943,800	16,273,911
Pupil Support	719,512	594,109
Administration	1,604,727	1,728,259
Transportation	827,222	749,805
Other Support	4,251,043	4,102,770
Interest on Long-Term Debt	1,640,648	1,608,843
Total Expenses	<u>25,986,952</u>	<u>25,057,697</u>
Change in Net Position	(82,177)	1,827,694
Net Position - Beginning	<u>23,281,446</u>	<u>21,453,752</u>
Net Position - Ending	<u>23,199,269</u>	<u>23,281,446</u>

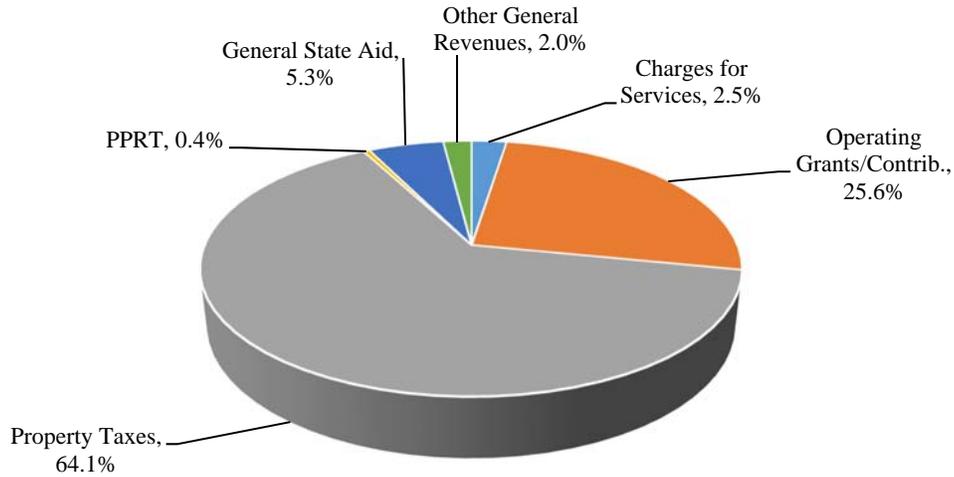
Net position of the District's governmental activities decreased by 0.4 percent (\$23,199,269 in 2019 compared to \$23,281,446 in 2018). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$13,472,574 at June 30, 2019.

MOKENA SCHOOL DISTRICT NO. 159

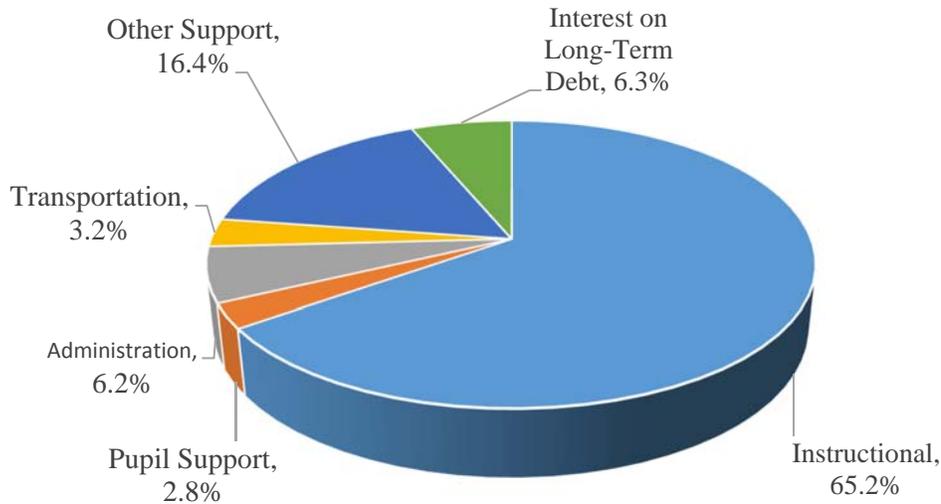
**Management’s Discussion and Analysis
June 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

District-Wide Revenues by Source



District-Wide Expenses by Function



Revenues for governmental activities totaled \$25,904,775, while the cost of all governmental functions totaled \$25,986,952. This results in a deficit of \$82,177. In 2018, revenues of \$26,885,391 exceeded expenses of \$25,057,697, resulting in a surplus of \$1,827,694. The deficit in 2019 was due in large part to a decrease in operating grants of \$742,855 and decrease in property taxes of \$333,158 and an increase in instructional expenses of \$669,889.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District's governmental funds reported combining ending fund balances of \$15,314,996, which is \$256,715 or 1.6 percent, lower than last year's total of \$15,571,711. Of the \$15,314,996 total, \$9,862,819, or 64.4 percent, of the fund balance constitutes unassigned fund balance.

Actual revenues, excluding on-behalf payments, for FY19 were \$20,469,467 representing approximately 79.0% of the total FY19 revenues. Actual expenditures, excluding on-behalf payments, totaled \$20,726,182 representing approximately 79.2% of the total FY19 expenditures. Expenditures were monitored closely during the year, which resulted in the expenditures being below budget. Property taxes accounted for the largest portion of the District's revenues, contributing 64.1% of total revenues. The remainder of revenues came from other local, state, and federal grant sources.

The total cost of all the District's programs was \$20,551,644, excluding on-behalf payments, with the majority, 82.4% of expenditures dedicated to instructing and caring for the students and student transportation. The remaining amount of District expenditures was split among community services, building operation and non-operational support such as debt service, pension and other payroll taxes, and tort liability and life safety capital improvements.

District 159 uses capital improvement and replacement schedule for curriculum, facility improvement and technology. Each schedule allows for replacement of instructional materials and equipment as necessary so the District does not experience deferred maintenance or replacement issues.

Over the course of the fiscal year, District 159 did not amend the original fiscal year 2019 budget. District 159 currently supports four long-term debt issues. District 159 has issued no short-term debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the District's largest budgeted fund and consists of the Educational, Operations and Maintenance, Working Cash and Tort Accounts. The General Fund's budgeted revenues were less than actual revenues of \$17,105,811 by \$313,158, excluding on-behalf payments. Actual expenditures of \$17,080,243 were less than budgeted expenditures of \$18,020,586 by \$940,343, excluding on-behalf payments.

MOKENA SCHOOL DISTRICT NO. 159

**Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

Within these accounts the Educational Account is the most significant budgeted fund. In the Educational Account revenues from local sources were under budget by \$183,135. Total budgeted revenues in the Educational Account exceeded actual revenues by \$362,461, excluding on-behalf payments. Expenditures in the Educational Account were under budget by \$781,864, excluding on-behalf payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019 was \$15,085,680 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and equipment.

	Capital Assets - Net of Depreciation	
	2019	2018
Land	\$ 1,092,698	1,092,698
Construction in Progress	17,471	-
Land Improvements	54,931	73,767
Buildings	13,677,314	14,028,633
Equipment	243,266	277,798
Vehicles	-	169,704
Totals	<u>15,085,680</u>	<u>15,642,600</u>

This year's major additions included:

Construction in Progress	\$ 17,471
Buildings	374,060
Equipment	48,134
Vehicles	<u>24,388</u>
	<u>464,053</u>

Additional information on the District's capital assets can be found in note 3 on page 23 of this report.

MOKENA SCHOOL DISTRICT NO. 159

**Management’s Discussion and Analysis
June 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

The District retired \$731,558 in long-term debt and no new long-term debt was issued in the fiscal year. The long-term principal liability of \$7,201,407 in 2019. At the end of FY19, the District had a debt limit of \$40,884,990.

	Long-Term Debt	
	2019	2018
General Obligation Bonds	\$ 7,120,571	7,746,106
Capital Leases	80,836	186,859
Totals	<u>7,201,407</u>	<u>7,932,965</u>

Additional information on the District’s long-term debt can be found in Note 3 on pages 24 - 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that will significantly affect financial operations in the future:

Local property taxes are the primary revenue source for District 159. The annual increase in property tax is generally limited to the lesser of 5% or the increase in the CPI from the preceding year. Based on the December 2018 CPI, the District 159 property tax increase will be limited to a 2.1% increase.

Interest income is expected to be low, yet higher than FY19. The longer-term effects of a recovering economy, moderate CPI, and reduced interest income will continue to cause the District to approach budgeting in a very conservative fashion.

District 159 staff continue to work collaboratively to improve student achievement through identifying learning targets linked to Illinois state learning standards, integrate technology as an effective learning tool, and redesign teaching methods to provide a wider variety of instruction focused on meeting individual students learning needs, abilities and interests through differentiation.

The District’s facilities have been constructed to create a contemporary learning environment. In the interest of ensuring the safety of all students and staff the District continuously reviews the physical structure of the District. The District’s facilities will need to be updated in the near future. The MES and MIS buildings will need to have HVAC systems addressed, as well as roofing on all three buildings.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – Continued

As the economy continues to move towards a recovery, the District continues to be cautious about increasing budgets and spending. The District will continue to look for efficiencies in the areas of finance. The challenges of a new state funding formula and concern over funding by the state of Illinois will continue to be the focus of the District's budget as we continue to provide the children of Mokena an excellent education. These economic challenges have created a strong bond within our District to be creative and focused in managing our resources.

The District will have approved a purposefully deficit budget for the 2019-20 school year by the time this report is presented to the board.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Office of the Superintendent
Mokena School District No. 159
11244 Willowcrest Lane
Mokena, Illinois 60448

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

MOKENA SCHOOL DISTRICT NO. 159

**Statement of Net Position - Modified Cash Basis
June 30, 2019**

See Following Page

MOKENA SCHOOL DISTRICT NO. 159

**Statement of Net Position - Modified Cash Basis
June 30, 2019**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	<u>\$ 15,317,559</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,110,169
Depreciable	35,061,607
Accumulated Depreciation	<u>(21,086,096)</u>
Total Noncurrent Assets	<u>15,085,680</u>
Total Assets	<u>30,403,239</u>

The notes to the financial statements are an integral part of this statement.

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,563
Current Portion of Long-Term Debt	676,407
Total Current Liabilities	<u>678,970</u>
Noncurrent Liabilities	
General Obligation Bonds Payable	<u>6,525,000</u>
Total Liabilities	<u>7,203,970</u>
NET POSITION	
Net Investment in Capital Assets	7,884,273
Restricted	
Tort Immunity	145,241
Debt Service	1,444,884
Capital Projects	41,596
Municipal Retirement/Social Security	209,899
Fire Prevention and Safety	802
Unrestricted	<u>13,472,574</u>
Total Net Position	<u><u>23,199,269</u></u>

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Expenses	Program Revenues		(Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues Governmental Activities
Governmental Activities				
Instruction				
Regular Programs	\$ 7,640,366	422,125	128,563	(7,089,678)
Pre-K Programs	116,497	-	87,958	(28,539)
Special Education Programs	3,414,334	-	531,800	(2,882,534)
Other Instructional Programs	337,295	-	1,229	(336,066)
State Retirement Contributions	5,435,308	-	5,435,308	-
Support Services				
Pupils	719,512	-	12,135	(707,377)
Instructional Staff	463,716	-	34,760	(428,956)
General Administration	607,282	-	-	(607,282)
School Administration	997,445	-	-	(997,445)
Business	467,615	211,948	85,717	(169,950)
Transportation	827,222	9,884	222,348	(594,990)
Operations and Maintenance	2,647,133	-	95,415	(2,551,718)
Central	616,312	-	-	(616,312)
Other Support Services	20,400	-	-	(20,400)
Community Services	35,867	-	-	(35,867)
Interest and Fees	1,640,648	-	-	(1,640,648)
Total Governmental Activities	25,986,952	643,957	6,635,233	(18,707,762)
General Revenues				
Taxes				
Property Taxes				16,601,699
Personal Property Replacement Taxes				115,911
State Aid-Formula Grants				1,385,311
Investment Income				267,678
Miscellaneous				254,986
				<u>18,625,585</u>
Change in Net Position				(82,177)
Net Position - Beginning				<u>23,281,446</u>
Net Position - Ending				<u><u>23,199,269</u></u>

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

**Balance Sheet - Modified Cash Basis - Governmental Funds
June 30, 2019**

	General	Special Revenue Transportation	Debt Service	Capital Projects	Nonmajor	Totals
ASSETS						
Cash and Investments	\$ 12,368,788	1,251,590	1,444,884	41,596	210,701	15,317,559
LIABILITIES						
Accounts Payable	2,563	-	-	-	-	2,563
FUND BALANCES						
Restricted	145,241	-	1,444,884	41,596	210,701	1,842,422
Committed	2,358,165	-	-	-	-	2,358,165
Assigned	-	1,251,590	-	-	-	1,251,590
Unassigned	9,862,819	-	-	-	-	9,862,819
Total Fund Balances	12,366,225	1,251,590	1,444,884	41,596	210,701	15,314,996
Total Liabilities and Fund Balances	12,368,788	1,251,590	1,444,884	41,596	210,701	15,317,559

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position - Modified Cash Basis - Governmental Activities**

June 30, 2019

Total Governmental Fund Balances	\$ 15,314,996
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Amounts reported for Governmental Activities in the Statement of Net Position
are different because:

Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	15,085,680
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(7,120,571)
Capital Leases Payable	<u>(80,836)</u>

Net Position of Governmental Activities	<u><u>23,199,269</u></u>
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The notes to the financial statement are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2019**

	General	Special Revenue Transportation	Debt Service	Capital Projects	Nonmajor	Totals
Revenues						
Local Sources						
Property Taxes	\$ 13,578,493	415,659	2,215,469	-	392,078	16,601,699
Replacement Taxes	63,751	-	-	-	52,160	115,911
Earnings on Investments	211,620	27,043	21,267	3,949	3,799	267,678
Other Revenue from Local Sources	984,474	9,884	-	-	-	994,358
State Sources	1,597,825	222,348	-	-	-	1,820,173
Federal Sources	669,648	-	-	-	-	669,648
On-Behalf Payments	5,435,308	-	-	-	-	5,435,308
Total Revenues	22,541,119	674,934	2,236,736	3,949	448,037	25,904,775
Expenditures						
Current						
Instruction						
Regular Programs	6,900,268	-	-	-	114,375	7,014,643
Pre-K Programs	113,044	-	-	-	3,453	116,497
Special Education Programs	2,317,829	-	-	-	108,332	2,426,161
Other Instructional Programs	330,138	-	-	-	7,157	337,295
Support Services						
Pupils	603,404	827,222	-	-	28,167	1,458,793
Instructional Staff	451,428	-	-	-	12,288	463,716
General Administration	588,830	-	-	-	18,452	607,282
School Administration	927,037	-	-	-	52,962	979,999
Business	3,184,379	-	-	-	123,326	3,307,705
Central	574,079	-	-	-	37,869	611,948
Other Support Services	5,897	-	-	-	-	5,897
Community Services	35,867	-	-	-	-	35,867
Payments to Other Districts and Govt. Units	938,043	50,130	-	-	-	988,173
On Behalf Payments	5,435,308	-	-	-	-	5,435,308
Debt Service						
Principal Retirement	106,023	-	625,535	-	-	731,558
Interest and Fiscal Charges	3,977	-	1,636,671	-	-	1,640,648
Total Expenditures	22,515,551	877,352	2,262,206	-	506,381	26,161,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,568	(202,418)	(25,470)	3,949	(58,344)	(256,715)
Other Financing Sources (Uses)						
Transfers In	27,742	-	-	-	-	27,742
Transfers Out	-	-	-	(27,742)	-	(27,742)
	27,742	-	-	(27,742)	-	-
Net Change in Fund Balances	53,310	(202,418)	(25,470)	(23,793)	(58,344)	(256,715)
Fund Balances - Beginning	12,312,915	1,454,008	1,470,354	65,389	269,045	15,571,711
Fund Balances - Ending	12,366,225	1,251,590	1,444,884	41,596	210,701	15,314,996

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Modified Cash Basis - Governmental Activities**

For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (256,715)

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

Governmental Funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	464,053
Depreciation Expense	(882,122)
Disposal - Cost	(472,957)
Disposal - Accumulated Depreciation	334,006

The issuance of long-term debt provides current financial resources to
Governmental Funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Retirement of Long-Term Debt	<u>731,558</u>
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Changes in Net Position of Governmental Activities (82,177)

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

Statement of Fiduciary Assets and Liabilities - Modified Cash Basis - Agency Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	<u>\$ 18,882</u>
LIABILITIES	
Due to Activity Fund Organizations	<u>18,882</u>

The notes to the financial statements are an integral part of this statement.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mokena School District No. 159 (the “District”) operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District’s accounting policies established in GAAP and used by the District are described below.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District’s operating activities are all considered governmental activities, that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered business-type activities. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions (instruction, support services, community services, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The net costs (by function) are normally covered by general revenue (property and personal property replacement taxes, interest income, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid. The General Fund is a major fund, and is comprised of the Educational, Operations and Maintenance, Working Cash and Tort Accounts.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds. The District maintains one major special revenue fund. The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants. The District also maintains one nonmajor special revenue fund.

Debt service funds are used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The Debt Service Fund is a major fund, and the primary revenue source is local property taxes levied specifically for debt service.

Capital projects funds are used to account for the financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities. The Capital Projects Fund, a major fund, is used to account for the financial resources to be used for the acquisition or construction of, and/or addition to, major capital facilities. The District also maintains one nonmajor capital projects fund.

Fiduciary Funds

Fiduciary 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.

Agency funds include Student Activity Funds, Convenience Accounts and Other Agency Funds. These funds are custodial in nature and do not present results of operations or have a measurement focus. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Convenience Accounts account for assets that are normally maintained by a local education agency as a convenience for its faculty, staff, etc.

The District's agency funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements are reported using the economic measurement focus within the limitations of the modified cash basis of accounting.

Governmental fund and financial statements are reported using a “current financial resources” measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds used fund balance as their measure of available spendable financial resources at the end of the period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

The financial statements are presented using the modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis recognizes assets, liabilities, net position, receipts, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not result from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Lastly, the net pension liability as calculated under GASB 68 has not been recorded, and pension expense in the financial statements represents cash paid during the year rather than the amount calculated under GASB 68.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

On-behalf payments (payments made by a third party for the benefit of the District, such as payments made by the state to the Teachers' Retirement System) have been recognized in the financial statements.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	20 Years
Buildings	20 - 50 Years
Equipment	5 - 10 Years
Vehicles	5 Years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Deferred Inflows/Outflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. A deferred outflow of resources represents a reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense) until that future time.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Except for the exclusion of on-behalf payments from other governments, discussed below, the budgeted amounts for the governmental funds are adopted on the modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
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 a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (GAAP Basis) includes “on-behalf” payments received and made for the amounts contributed by the State of Illinois for the employer’s share of the Teachers Retirement System pension. The District does not budget for these amounts.

During the fiscal year ended June 30, 2019, one supplemental budget appropriations was made.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS

Under State law, limits are imposed as to investments in commercial paper, corporate bonds, and mutual funds in which the District may invest, as well as the Illinois School District Liquid Asset Fund Plus (ISDLAP+), the Illinois Funds, and the Illinois Trust.

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

Illinois Trust is an investment pool managed by a board of trustees, which allows Illinois public investors to pool their funds for investment purposes. The Illinois Portfolio Fund IIIT Class (IIIT) is an investment option of the Trust designed for public entities other than park district, conservation districts, join recreational programs, and forest preserve districts within the State. The Fund administrator and advisor is PFM Asset Management, LLC. Investments in the fund are valued at the Trust's share price, which is the price for which the investment could be sold.

The ISDLAP+ is a non-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company. Investments are sold valued at share price, which is the price for which the investment could be sold.

Deposits. At year-end, the carrying amount of the District's deposits for governmental activities totaled \$14,028,452 and the bank balances totaled \$14,393,257.

Investments. The District has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
IIIT	\$ 188,629	188,629	-
ISDLAF+	1,100,478	1,100,478	-
	1,289,107	1,289,107	-

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the District investment portfolio to be sufficiently liquid to enable the District to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

Custodial Credit Risk – Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2019, the entire bank balance of the District's deposits with financial institutions was insured through FDIC insurance.

Custodial Credit Risk – Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not address custodial credit risk for investments. At year end, the District investments in ISDLAP+ and IIIT were not subject to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy states that investments in corporate paper are further restricted and cannot comprise more than ten percent of the total investment portfolio. At year-end, the District's investment in the IIIT was rated AAAs to AAAs by Standard and Poor's and the District's investment in ISDLAP+ was not rated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires diversification of the investment portfolio to minimize risk of loss from over-concentration in a particular type of security, risk factor, issuer, or maturity. The investment policy requires that the Board of Education receive a report detailing the current investments on a quarterly basis to review compliance with the objectives of the policy. At year-end, the District does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

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

Property taxes are collected by the County Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two equal installments the following year: the first due on June 1 and the second due on September 1. Property taxes are normally collected by the District within 30 days of the respective installment dates. The portion of the 2017 levy received after June 30, 2018, and the portion of the 2018 levy received on or before June 30, 2019, are reported as income during fiscal year 2019.

PERSONAL PROPERTY REPLACEMENT TAXES

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund, and the balance is allocated to the remaining funds at the discretion of the District.

JOINT AGREEMENTS

The District, in conjunction with five other area school districts, has created the Lincoln-Way Area Special Education Cooperative. The Cooperative's Board of Directors is composed of one member from each of the six participating school districts. The Cooperative charged the District \$1,028,843 for special education, transportation, and related expenditures during the year ended June 30, 2019.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,092,698	-	-	1,092,698
Construction in Progress	-	17,471	-	17,471
	<u>1,092,698</u>	<u>17,471</u>	<u>-</u>	<u>1,110,169</u>
Depreciable Capital Assets				
Land Improvements	723,912	-	-	723,912
Buildings	29,483,208	374,060	-	29,857,268
Equipment	4,316,449	48,134	-	4,364,583
Vehicles	564,413	24,388	472,957	115,844
	<u>35,087,982</u>	<u>446,582</u>	<u>472,957</u>	<u>35,061,607</u>
Less Accumulated Depreciation				
Land Improvements	650,045	18,936	-	668,981
Buildings	15,454,575	725,379	-	16,179,954
Equipment	4,038,651	82,666	-	4,121,317
Vehicles	394,709	55,141	334,006	115,844
	<u>20,537,980</u>	<u>882,122</u>	<u>334,006</u>	<u>21,086,096</u>
 Total Net Depreciable Capital Assets	 <u>14,550,002</u>	 <u>(435,540)</u>	 <u>138,951</u>	 <u>13,975,511</u>
 Total Net Capital Assets	 <u>15,642,700</u>	 <u>(418,069)</u>	 <u>138,951</u>	 <u>15,085,680</u>

Depreciation expense was charged to governmental activities as follows:

Instructional	\$ 625,723
Pupil Support	87,941
Operations and Maintenance	123,954
Transportation	14,503
Administration	17,446
Business	8,191
Central Support	<u>4,364</u>
	<u>882,122</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Operations and Maintenance (General Subfund)	Capital Projects	<u>\$ 27,742</u>

Transfers are used for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

General Obligation Bonds

General Obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Capital Appreciation School Bonds of 2000 - Due in annual installment of \$480,570 to \$2,275,000 plus semi-annual interest at 7.147% through December 1, 2019.	\$ 996,106	-	515,535	480,571
General Obligation Limited Working Cash School Bonds of 2016A - Due in annual installment of \$85,000 to \$200,000 plus semi-annual interest at 2.00% to 4.00% through December 1, 2035.	2,670,000	-	110,000	2,560,000
General Obligation Refunding School Bonds of 2016B - Due in annual installment of \$195,000 to \$335,000 plus semi-annual interest at 3.00% to 4.00% through December 1, 2035.	4,080,000	-	-	4,080,000
	<u>7,746,106</u>	<u>-</u>	<u>625,535</u>	<u>7,120,571</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Capital Leases

The District has entered into a capital lease agreement as lessee for financing the acquisition of equipment. Capital assets of \$502,324 have been added to equipment as a result of the capital lease. This lease agreements qualify as capital lease for accounting purposes and; therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease has been recorded as a liability of the governmental activities. The future minimum lease payments and the net present value of these minimum lease payments are as follows:

	Fiscal Year	Governmental Activities
2020	\$	82,556
Interest Portion		<u>(1,720)</u>
Principal Balance		<u><u>80,836</u></u>

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
General Obligation Bonds	\$ 7,746,106	-	625,535	7,120,571	595,571
Capital Leases	186,859	-	106,023	80,836	80,836
	<u>7,932,965</u>	<u>-</u>	<u>731,558</u>	<u>7,201,407</u>	<u>676,407</u>

The general obligation bonds and capital leases are being liquidated by the Debt Service Fund.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2020	\$ 595,571	1,655,180
2021	310,000	239,950
2022	320,000	230,500
2023	330,000	220,750
2024	335,000	210,775
2025	345,000	200,575
2026	360,000	188,200
2027	375,000	173,500
2028	390,000	158,200
2026	410,000	142,200
2030	425,000	125,500
2031	440,000	108,200
2032	455,000	90,300
2033	480,000	71,600
2034	495,000	52,100
2035	520,000	31,800
2036	535,000	10,700
Totals	<u>7,120,571</u>	<u>3,910,030</u>

Defeased Debt

In prior years, the government defeased general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased bonds of \$1,100,000 remain outstanding as of the date of this report.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. At year-end the legal debt margin is as follows:

Assessed Valuation - 2018	<u>\$ 592,536,085</u>
Legal Debt Limit - 6.9% of Assessed Value	40,884,990
Amount of Debt Applicable to Limit	<u>7,201,407</u>
Legal Debt Margin	<u>33,683,583</u>

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Education; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Education’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Education itself or b) a body or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The District’s highest level of decision-making authority is the Board of Education, who is authorized to assign amounts to a specific purpose.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The District’s fund balance policy states that the Superintendent or designee shall maintain fund balances sufficient to ensure the District’s ability to maintain levels of service, maintain its credit rating, and pay its obligations in a prompt manner in spite of unforeseen events or unexpected expenses. The Superintendent shall inform the Board whenever the District must draw upon reserves or borrow money. The District shall seek to maintain the year-end average fund balance to no less than 33% and no greater than 65% of the annual expenditures. In the event that the year-end average fund balance falls outside of this range, the Superintendent or designee shall provide the Board with an explanatory report detailing plans for operating outside the established range and a timeline for returning within this range.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Transportation	Debt Service	Capital Projects	Nonmajor	Totals
Fund Balances						
Restricted						
Tort Immunity	\$ 145,241	-	-	-	-	145,241
Debt Service	-	-	1,444,884	-	-	1,444,884
Capital Projects	-	-	-	41,596	-	41,596
Municipal Retirement/Soc. Sec.	-	-	-	-	209,899	209,899
Fire Prevention and Safety	-	-	-	-	802	802
	145,241	-	1,444,884	41,596	210,701	1,842,422
Committed						
Working Cash	2,358,165	-	-	-	-	2,358,165
Assigned						
Transportation	-	1,251,590	-	-	-	1,251,590
Unassigned	9,862,819	-	-	-	-	9,862,819
Total Fund Balances	12,366,225	1,251,590	1,444,884	41,596	210,701	15,314,996

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of June 30, 2019:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 15,085,680
Less Capital Related Debt:	
General Obligation Bonds	(7,120,571)
Capital Leases	<u>(80,836)</u>
Net Investment in Capital Assets	<u><u>7,884,273</u></u>

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

State and Federal Aid Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Management believes such disallowance, if any, would be immaterial.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

The District is exposed to various risks of loss related to employee health benefits; workers’ compensation claims; theft of, damage to, and destruction of assets; and natural disasters. To protect from such risks, the District participates in the following public entity risk pools: the Collective Liability Insurance Cooperative (CLIC) for property, general liability, automobile, employee dishonesty, student accidents, excess liability claims up to specified limits, and workers’ compensation claims. The District pays annual premiums to the pools for insurance coverage. The arrangement with the pool provides that each will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain levels established by the pools. There have been no significant reductions in insurance coverage form coverage in any of the past three fiscal years.

OTHER POST-EMPLOYMENT BENEFITS

Post-Retirement Health Plan

Plan Description

Plan Administration. The District’s defined benefit OPEB plan, Retiree’s Health Plan (RHP), provides OPEB for all permanent full-time general and public safety employees of the District. RHP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RHP provides limited health care and life insurance coverage for its eligible retired employees. Such coverage is provided for retired employees until they reach age 65. The District does not issue a stand-alone report for the postretirement health plan.

Plan Membership. As of June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	0
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	<u>0</u>
Total	<u><u>0</u></u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Post-Retirement Health Plan – Continued

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.87%
Healthcare Cost Trend Rates	
Initial	8.50%
Ultimate	4.50%
Retirees' Share of Benefit-Related Costs	Same as Healthcare Cost Trend Rates

The discount rate was based on the Fidelity 20-year General Obligation Municipal Bond Index as of June 30, 2019.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Post-Retirement Health Plan – Continued

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 127,853
Changes for the Year:	
Service Cost	-
Interest on the Total Pension Liability	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	-
Benefit Payments	-
Other Changes	-
Net Changes	-
Balance at June 30, 2019	127,853

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

The following presents the total OPEB liability, calculated using a Single Discount Rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ -	-	-

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a Healthcare Trend Rate of 8.50%, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Post-Retirement Health Plan – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – Continued

	(7.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.50% decreasing to 4.50%)	(9.50% decreasing to 5.50%)
Total OPEB Liability	\$ -	-	-

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$21,760. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	-	-
Changes of Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total Deferred Amounts Related to OPEB	-	-	-

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Post-Retirement Health Plan – Continued

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

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

Fiscal Year	Net Deferred (Inflows) of Resources
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	-
Total	-

Teachers’ Health Insurance Security Fund

Plan Description

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the City of Chicago. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. 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, 2015, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage Plans.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers' Health Insurance Security Fund – Continued

Plan Description – Continued

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

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

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2019. State of Illinois contributions were \$102,858, and the District recognized revenues and expenditures of this amount during the year.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2019. For the year ended June 30, 2019 the District paid \$102,858 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the 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."

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security Fund – Continued

Plan Description – Continued

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.75%
Salary Increases:	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment Rate of Return:	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare Cost Trend Rates:	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitant’s mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security Fund – Continued

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the THIS fund is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

Sensitivity of the Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the collective net OPEB liability, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer's Proportionate Share of the OPEB Liability	\$ 10,191,097	8,475,702	7,121,595

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security Fund – Continued

Sensitivity of the Employer’s Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the collective net OPEB liability, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.86% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Proportionate Share of the OPEB Liability	\$ 6,872,445	8,475,702	10,635,741

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

At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of the District, actuarially determined. At June 30, 2019, the District’s proportion was 0.032171 percent, which was an decrease of 0.000438 from its proportion measured as of June 30, 2018 (0.003209 percent). The State’s support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follow:

Employer's Proportionate Share of the Net OPEB Liability	\$ 8,475,702
Shate's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>11,381,017</u>
Total	<u><u>19,856,719</u></u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers’ Health Insurance Security Fund – Continued

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

For the year ending June 30, 2019, the District recognized OPEB expense of \$102,858 and revenue of \$102,858 for support provided by the State. For the year ending June 30, 2019, the District recognized OPEB expense of \$477,877. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ -	(30,411)	(30,411)
Net Difference Between Projected and Actual Earnings on Pension Investments	-	(260)	(260)
Changes of Assumptions	-	(1,234,205)	(1,234,205)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	53,623	(114,408)	(60,785)
Total Pension Expense to be Recognized in Future Periods	53,623	(1,379,284)	(1,325,661)
Employer Contributions Subsequent to the Measurement Date	48,111	-	48,111
Totals	101,734	(1,379,284)	(1,277,550)

\$48,111 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2020	\$ (228,887)
2021	(228,887)
2022	(228,887)
2023	(228,863)
2024	(228,813)
2025	(150,030)
Thereafter	(31,294)
Total	(1,325,661)

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS

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

Teachers' Retirement System (TRS)

Plan Descriptions, Provisions and Funding Policies

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can only be made by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for TRS's administration. TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2018>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888-678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and at the percentage of average salary to which the member is entitled. Most members require under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System (TRS) – Continued

Benefits Provided – Continued

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement beginning January 1 following the attainment of age 61 or on January 1 following the members' first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of 3 percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the members' first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2021. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs will begin in 2019 and will be funded by bonds issued by the state of Illinois.

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contributions rates are specified by the pension code. The active member contribution rate for the year ended June 30, 2019, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2019, State of Illinois contributions recognized by the employer were based on the State's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$5,332,450 in pension contributions from the State.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

Contributions – Continued

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2019 were \$48,111 and are deferred because they were paid after the June 30, 2018 measurement date.

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

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

Federal and Special Trust Fund Contributions – Continued. For the fiscal year ended June 30, 2019, the employer pension contribution was 9.85 percent of salaries paid from federal and special trust funds. For the fiscal years ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from those funds. For the fiscal year ended June 30, 2019, salaries totaling \$54,327 were paid from federal and special trust funds that required employer contributions of \$5,351, which was equal to the District's actual contributions. For the fiscal year ended June 30, 2018, salaries totaling \$4,590 were paid from federal and special trust funds that required employer contributions of \$464, which was equal to the District's actual contributions. The June 30, 2019 contributions are deferred because they were paid after the June 30, 2018 measurement date.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. Additionally, beginning with the year ended June 30, 2019, employers will make a similar contribution for salary increases over 3 percent if members are not exempted by current collective bargaining agreements or contracts.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2019, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent, \$4,249 for salary increases in excess of 3 percent and \$3,022 for sick leave days granted in excess of the normal annual allotment. For the year ended June 30, 2018, the District made no payments to TRS for employer contributions due on salary increases in excess of 6 percent and made no payments for sick leave days granted in excess of the normal annual allotment.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

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

At June 30, 2019, the employer reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosures purposes only. The amount recognized by the employer as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the employer were as follows:

Employer's Proportionate Share of the Net Pension Liability	\$ 828,835
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>56,778,640</u>
Total	<u><u>57,607,475</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to June 30, 2018. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2018, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2018, the employer's proportion was 0.0011 percent, which was a decrease of 0.0006 percent from its proportion percent measured as of June 30, 2017.

For the year ended June 30, 2019, the employer recognized pension expense of \$5,332,540 and revenue of \$5,332,450 for support provided by the state. At June 30, 2019, the employer reported deferred outflows of resources and deterred inflows of resources related to pension from the following sources:

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers’ Retirement System – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 16,658	(181)	16,477
Net Difference Between Projected and Actual Earnings on Pension Investments	-	(2,538)	(2,538)
Changes of Assumptions	36,352	(23,491)	12,861
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	54,988	(442,760)	(387,772)
Total Pension Expense to be Recognized in Future Periods	107,998	(468,970)	(360,972)
Employer Contributions Subsequent to the Measurement Date	53,462	-	53,462
 Totals	 161,460	 (468,970)	 (307,510)

\$53,462 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2020	\$ (68,000)
2021	(86,892)
2022	(84,839)
2023	(83,168)
2024	(38,073)
	<u>(360,972)</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers’ Retirement System – Continued

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 Percent
Salary Increases:	Varies by Amount of Service Credit
Investment Rate of Return:	7.00 Percent, Net of Pension Plan Investment Expense, Including Inflation

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

The long-term (20-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

Actuarial Assumptions – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	15.0%	6.7%
U.S. Small/Mid Cap	2.0%	7.9%
International Equities Developed	13.6%	7.0%
Emerging Market Equities	3.4%	9.4%
U.S. Bonds Core	8.0%	2.2%
U.S. Bonds High Yield	4.2%	4.4%
Internatioanl Debt Developed	2.2%	1.3%
Emerging International Debt	2.6%	4.5%
Real Estate	16.0%	5.4%
Real Return	4.0%	1.8%
Absolute Return	14.0%	3.9%
Private Equity	15.0%	10.2%
Total	<u>100.00%</u>	

Discount Rate

At June 30, 2018, the discount rate used to measure the total pension liability was 7.0 percent, which was the same as the June 30, 2017 rate. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2018 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

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

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's Proportionate Share of the Net Pension Liability	\$ 677,718	828,835	1,016,487

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2018 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF)

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Description

Plan Administration. All employees (other than those covered by the Teachers Retirement Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	103
Inactive Plan Members Entitled to but not yet Receiving Benefits	101
Active Plan Members	<u>83</u>
Total	<u><u>287</u></u>

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2019, the District’s contribution was 12.89% of covered payroll.

Net Pension Liability. The District’s net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.39% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Description – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.75%
Domestic Equities	37.00%	7.15%
International Equities	18.00%	7.25%
Real Estate	9.00%	6.25%
Blended	7.00%	3.20% - 8.50%
Cash and Cash Equivalents	1.00%	2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, and 7.50% in the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate as well as what the District’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 4,325,480	2,588,847	1,164,203

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2019

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 13,349,377	12,465,445	883,932
Changes for the year:			
Service Cost	182,091	-	182,091
Interest on the Total Pension Liability	984,624	-	984,624
Differences Between Expected and Actual Experience of the Total Pension Liability	68,203	-	68,203
Changes of Assumptions	381,384	-	381,384
Contributions - Employer	-	240,903	(240,903)
Contributions - Employees	-	82,815	(82,815)
Net Investment Income	-	(691,413)	691,413
Benefit Payments, including Refunds of Employee Contributions	(624,205)	(624,205)	-
Other (Net Transfer)	-	279,082	(279,082)
Net Changes	992,097	(712,818)	1,704,915
Balances at December 31, 2018	14,341,474	11,752,627	2,588,847

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

For the year ended June 30, 2019, the District recognized pension expense of \$241,943 on a cash basis. At June 30, 2019 under GAAP, the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2019**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 113,675	(51,643)	62,032
Changes of Assumptions	221,655	(73,384)	148,271
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	842,829	-	842,829
Total Pension Expense to be Recognized in Future Periods	1,178,159	(125,027)	1,053,132
Pension Contributions Made Subsequent to the Measurement Date	121,283	-	121,283
Total Deferred Amounts Related to Pensions	<u>1,299,442</u>	<u>(125,027)</u>	<u>1,174,415</u>

Under GAAP, \$121,283 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense in future periods under GAAP as follows:

Fiscal Year	Net Deferred Outflows of Resources
2020	\$ 409,663
2021	202,177
2022	116,189
2023	325,103
2024	-
Thereafter	-
Total	<u>1,053,132</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – General Fund Subfunds
- Budgetary Comparison Schedules – General Fund Accounts
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- Schedule of Changes in Assets and Liabilities – Agency Fund
- Schedule of Employer Contributions
Teacher's Health Insurance Security Fund
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Teacher's Health Insurance Security Fund
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Teachers' Retirement System
- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes the Educational, Operations and Maintenance, Working Cash and Tort Funds.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Transportation Fund

The Transportation Fund is used to account for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund

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

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for, and the payment of, long-term debt principal, interest and related costs. The primary revenue source is local property taxes levied specifically for debt service.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of, and/or additions to, major capital facilities.

Capital Projects Fund

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

Fire Prevention and Safety Fund

The Fire Prevention and Safety Fund is used to account for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

FIDUCIARY FUNDS

Fiduciary 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.

AGENCY FUNDS

Student Activity, Convenience Accounts, and Other Agency Funds

The Student Activity Fund is used to account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educations, recreational, or cultural purposes. The Convenience Accounts Fund is used to account for assets that are normally maintained by a local educational agency as a convenience for its faculty, staff, etc.

MOKENA SCHOOL DISTRICT NO. 159

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Local Sources				
Property Taxes	\$ 13,737,156	13,738,755	13,578,493	(160,262)
Personal Property Replacement Taxes	50,000	63,751	63,751	-
Earnings on Investments	122,750	195,250	211,620	16,370
Other	892,450	974,414	984,474	10,060
State Sources	1,710,035	1,597,984	1,597,825	(159)
Federal Sources	809,150	848,815	669,648	(179,167)
On-Behalf Payments - State of Illinois	-	-	5,435,308	5,435,308
Total Revenues	17,321,541	17,418,969	22,541,119	5,122,150
Expenditures				
Current				
Instruction	9,864,518	10,053,404	9,661,279	392,125
Support Services	6,987,086	6,817,410	6,335,054	482,356
Community Services	33,916	39,199	35,867	3,332
Payments to Other Districts and Government Units	1,480,277	1,110,573	938,043	172,530
On Behalf Payments	-	-	5,435,308	(5,435,308)
Debt Service				
Principal Retirement	-	-	106,023	(106,023)
Interest and Other	-	-	3,977	(3,977)
Total Expenditures	18,365,797	18,020,586	22,515,551	(4,494,965)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,044,256)	(601,617)	25,568	627,185
Other Financing Sources				
Transfers In	-	27,742	27,742	-
Net Change in Fund Balances	(1,044,256)	(573,875)	53,310	627,185
Fund Balances - Beginning			12,312,915	
Fund Balances - Ending			12,366,225	

MOKENA SCHOOL DISTRICT NO. 159

General Fund - by Accounts

**Combining Balance Sheet - Modified Cash Basis
June 30, 2019**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Tort Account	Totals
ASSETS					
Cash and Investments	\$ 8,693,896	1,171,486	2,358,165	145,241	12,368,788
LIABILITIES					
Accounts Payable	2,563	-	-	-	2,563
FUND BALANCES					
Restricted	-	-	-	145,241	145,241
Committed	-	-	2,358,165	-	2,358,165
Unassigned	8,691,333	1,171,486	-	-	9,862,819
Total Fund Balances	8,691,333	1,171,486	2,358,165	145,241	12,366,225
Total Liabilities and Fund Balances	8,693,896	1,171,486	2,358,165	145,241	12,368,788

MOKENA SCHOOL DISTRICT NO. 159

General Fund - by Accounts

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Tort Account	Totals
Revenues					
Local Sources					
Property Taxes	\$ 12,147,912	1,214,412	68,709	147,460	13,578,493
Replacement Taxes	63,751	-	-	-	63,751
Earnings on Investments	131,703	30,536	47,586	1,795	211,620
Other Revenue from Local Sources	889,059	95,415	-	-	984,474
State Sources	1,097,825	500,000	-	-	1,597,825
Federal Sources	669,648	-	-	-	669,648
On-Behalf Payments - State of Illinois	5,435,308	-	-	-	5,435,308
Total Revenues	20,435,206	1,840,363	116,295	149,255	22,541,119
Expenditures					
Current					
Instruction					
Regular Programs	6,900,268	-	-	-	6,900,268
Pre-K Programs	113,044	-	-	-	113,044
Special Education Programs	2,317,829	-	-	-	2,317,829
Other Instructional Programs	330,138	-	-	-	330,138
Support Services					
Pupils	603,404	-	-	-	603,404
Instructional Staff	451,428	-	-	-	451,428
General Administration	467,910	-	-	120,920	588,830
School Administration	927,037	-	-	-	927,037
Business	537,246	2,647,133	-	-	3,184,379
Central	574,079	-	-	-	574,079
Other Support Services	5,897	-	-	-	5,897
Community Services	35,867	-	-	-	35,867
Payments to Other Districts and Government Units	909,857	28,186	-	-	938,043
On-Behalf Payments - State of Illinois	5,435,308	-	-	-	5,435,308
Debt Service					
Principal Retirement	106,023	-	-	-	106,023
Interest and Fiscal Charges	3,977	-	-	-	3,977
Total Expenditures	19,719,312	2,675,319	-	120,920	22,515,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	715,894	(834,956)	116,295	28,335	25,568
Other Financing (Uses)					
Transfers Out	-	27,742	-	-	27,742
Net Change in Fund Balances	715,894	(807,214)	116,295	28,335	53,310
Fund Balances - Beginning	7,975,439	1,978,700	2,241,870	116,906	12,312,915
Fund Balances - Ending	8,691,333	1,171,486	2,358,165	145,241	12,366,225

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Modified Cash Basis

For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 11,854,990	11,854,990	11,682,835	(172,155)
Special Education Levy	488,905	488,905	465,077	(23,828)
Payments in Lieu of Taxes				
Corporate Purpose Property				
Replacement Taxes	50,000	63,751	63,751	-
Earnings on Investments	75,000	125,000	131,703	6,703
Food Service	212,050	213,300	211,948	(1,352)
District/School Activity Income	93,300	57,300	56,598	(702)
Textbooks	345,000	360,000	365,527	5,527
Other Revenue from Local Sources	162,100	252,314	254,986	2,672
Total Local Sources	<u>13,281,345</u>	<u>13,415,560</u>	<u>13,232,425</u>	<u>(183,135)</u>
State Sources				
General State Aid	856,652	856,652	885,311	28,659
Special Education				
Private Facility Tuition	125,000	110,000	108,456	(1,544)
Children Req. Spec. Ed. Svcs.	96,000	-	-	-
Orphanage - Individual	11,908	13,596	13,615	19
Career and Technical Education (CTE)				
Special Program Improvement	1,500	1,500	1,229	(271)
Bilingual Ed - Downstate - TPI and TBE	12,000	8,000	-	(8,000)
State Fee Lunch and Breakfast	750	1,200	1,256	56
Learning Improvement - Change Grants	1,225	1,225	-	(1,225)
Early Childhood - Block Grant	105,000	105,811	87,958	(17,853)
Total State Sources	<u>1,210,035</u>	<u>1,097,984</u>	<u>1,097,825</u>	<u>(159)</u>
Federal Sources				
Food Service - National Lunch Program	88,000	88,000	84,461	(3,539)
Title I - Low Income	150,000	147,241	128,563	(18,678)
Federal - Special Education				
Preschool Discretionary	25,000	-	-	-
IDEA Flow-Through	415,950	480,294	409,729	(70,565)

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - Continued				
Federal Sources - Continued				
Title II - Teacher Quality	\$ 50,000	40,637	34,760	(5,877)
Medicaid Administrative Outreach	25,000	25,000	-	(25,000)
Medicaid Fee for Service	54,000	54,000	-	(54,000)
Title IV - Student Support	1,200	13,643	12,135	(1,508)
Total Federal Sources	<u>809,150</u>	<u>848,815</u>	<u>669,648</u>	<u>(179,167)</u>
 Total Direct Revenues	 15,300,530	 15,362,359	 14,999,898	 (362,461)
 On-Behalf Payments	 -	 -	 5,435,308	 5,435,308
 Total Revenues	 <u>15,300,530</u>	 <u>15,362,359</u>	 <u>20,435,206</u>	 <u>5,072,847</u>
Expenditures				
Instruction				
Regular Programs				
Salaries	5,728,364	5,777,364	5,563,183	214,181
Employee Benefits	946,350	915,077	884,095	30,982
Purchased Services	18,500	18,500	9,254	9,246
Supplies and Materials	504,083	511,919	439,555	72,364
Other	1,000	1,000	275	725
Capital Outly	100	100	-	100
Non-Capitalized Equipment	11,500	11,876	3,906	7,970
Total Regular Programs	<u>7,209,897</u>	<u>7,235,836</u>	<u>6,900,268</u>	<u>335,568</u>
 Pre-K Programs				
Salaries	89,806	128,294	77,721	50,573
Employee Benefits	22,996	38,455	20,631	17,824
Purchase Services	15,565	10,923	2,035	8,888
Supplies and Materials	10,000	11,978	10,542	1,436
Capital Outlay	-	19,526	-	19,526
Non-Capitalized Equipment	7,500	679	2,115	(1,436)
Total Pre-K Programs	<u>145,867</u>	<u>209,855</u>	<u>113,044</u>	<u>96,811</u>

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Special Education Programs				
Salaries	\$ 1,568,645	1,581,780	1,634,651	(52,871)
Employee Benefits	268,254	332,553	350,673	(18,120)
Purchased Services	311,000	294,617	290,533	4,084
Supplies and Materials	18,500	25,192	24,795	397
Other	4,000	2,000	2,073	(73)
Capital Outlay	100	100	-	100
Non-Capitalized Equipment	5,000	15,271	15,104	167
Total Special Education Programs	<u>2,175,499</u>	<u>2,251,513</u>	<u>2,317,829</u>	<u>(66,316)</u>
Remedial and Supplemental Programs K-12				
Salaries	163,097	163,097	151,584	11,513
Employee Benefits	17,228	17,228	16,472	756
Supplies and Materials	2,500	2,500	2,340	160
Total Remedial and Supplemental Programs K-12	<u>182,825</u>	<u>182,825</u>	<u>170,396</u>	<u>12,429</u>
CTE Programs				
Supplies and Materials	1,264	1,264	-	1,264
Interscholastic Programs				
Purchased Services	12,000	12,000	8,643	3,357
Supplies and Materials	26,750	27,250	38,320	(11,070)
Capital Outlay	5,500	5,500	5,178	322
Non-Capitalized Equipment	4,200	4,200	4,008	192
Total Interscholastic Programs	<u>48,450</u>	<u>48,950</u>	<u>56,149</u>	<u>(7,199)</u>
Bilingual Programs				
Salaries	84,418	106,482	102,166	4,316
Employee Benefits	1,048	1,429	1,427	2
Purchased Services	250	250	-	250

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Bilingual Programs - Continued				
Supplies and Materials	\$ 15,000	15,000	-	15,000
Total Bilingual Program	100,716	123,161	103,593	19,568
Total Instruction	9,864,518	10,053,404	9,661,279	392,125
Support Services				
Pupils				
Attendance and Social Work Services				
Salaries	204,772	204,772	198,547	6,225
Employee Benefits	48,350	48,350	45,454	2,896
Total Attendance and Social Work	253,122	253,122	244,001	9,121
Health Services				
Salaries	108,567	121,555	115,418	6,137
Employee Benefits	559	570	6,063	(5,493)
Supplies and Materials	5,500	5,500	3,398	2,102
Total Health Services	114,626	127,625	124,879	2,746
Psychological Services				
Salaries	182,065	182,065	166,835	15,230
Employee Benefits	41,249	41,249	26,500	14,749
Purchase Services	2,000	4,550	4,550	-
Total Psychological Services	225,314	227,864	197,885	29,979
Intervention Services				
Salaries	34,630	41,330	36,562	4,768
Employee Benefits	-	100	77	23
Total Intervention Services	34,630	41,430	36,639	4,791
Total Pupils	627,692	650,041	603,404	46,637

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Instructional Staff				
Improvement of Instructional Services				
Salaries	\$ 381,058	296,058	283,485	12,573
Employee Benefits	65,104	65,104	62,569	2,535
Purchased Services	113,234	103,614	70,966	32,648
Supplies and Materials	34,000	22,213	17,015	5,198
Total Improvement				
Instructional Service	593,396	486,989	434,035	52,954
Educational Media Services				
Supplies and Materials	11,550	11,550	7,961	3,589
Assessment and Testing				
Supplies and Materials	7,500	10,500	9,432	1,068
Total Instructional Staff	612,446	509,039	451,428	57,611
General Administration				
Board of Education Services				
Salaries	1,500	1,500	1,776	(276)
Purchased Services	109,100	119,100	98,586	20,514
Supplies and Materials	22,500	5,000	4,968	32
Other	10,000	10,000	8,709	1,291
Total Board of				
Education Services	143,100	135,600	114,039	21,561
Executive Administration Services				
Salaries	267,841	267,841	272,218	(4,377)
Employee Benefits	57,076	63,492	70,257	(6,765)
Purchased Services	9,500	9,500	4,836	4,664

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
General Administration - Continued				
Executive Administration Services - Continued				
Supplies and Materials	\$ 7,750	7,750	6,560	1,190
Non-Capitalized Equipment	1,000	1,000	-	1,000
Total Executive Administration Services	343,167	349,583	353,871	(4,288)
Total General Administration	486,267	485,183	467,910	17,273
School Administration				
Office of the Principal Services				
Salaries	691,521	691,521	689,259	2,262
Employee Benefits	209,785	214,035	209,222	4,813
Purchased Services	20,350	20,150	17,687	2,463
Supplies and Materials	4,750	4,750	3,553	1,197
Other	2,060	2,060	1,081	979
Non-Capitalized Equipment	6,900	9,200	6,235	2,965
Total School Administration	935,366	941,716	927,037	14,679
Business				
Direction of Business Support Services				
Salaries	51,968	51,968	53,376	(1,408)
Employee Benefits	25,394	25,394	19,052	6,342
Purchased Services	8,700	8,700	5,957	2,743
Supplies and Materials	1,500	1,500	1,595	(95)
Total Direction of Business Support Services	87,562	87,562	79,980	7,582

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Business - Continued				
Fiscal Services				
Salaries	\$ 96,990	96,990	96,990	-
Employee Benefits	17,969	17,969	17,216	753
Purchased Services	25,000	25,000	20,438	4,562
Supplies and Materials	1,000	1,500	1,115	385
Total Fiscal Services	140,959	141,459	135,759	5,700
Operation and Maintenance of Plant Services				
Purchased Services	30,000	30,000	36,986	(6,986)
Supplies and Materials	500	500	-	500
Total Operation and Maintenance of Plant Services	30,500	30,500	36,986	(6,486)
Food Services				
Salaries	175,986	173,030	161,870	11,160
Employee Benefits	18,571	18,571	17,050	1,521
Purchased Services	5,600	5,600	2,707	2,893
Supplies and Materials	120,800	116,496	101,984	14,512
Other	1,000	1,000	910	90
Total Food Services	321,957	314,697	284,521	30,176
Total Business	580,978	574,218	537,246	36,972
Central				
Information Services				
Salaries	15,000	15,000	7,800	7,200
Purchased Services	45,000	13,000	10,812	2,188
Total Information Services	60,000	28,000	18,612	9,388

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Central - Continued				
Staff Services				
Purchased Services	\$ 1,000	2,000	1,812	188
Data Processing Services				
Salaries	159,978	184,887	183,883	1,004
Employee Benefits	54,358	54,608	54,322	286
Purchased Services	150,000	150,000	164,947	(14,947)
Supplies and Materials	50,000	50,000	31,833	18,167
Capital Outlay	210,000	215,000	81,525	133,475
Non-Capitalized Equipment	40,000	40,000	37,145	2,855
Total Data Processing	664,336	694,495	553,655	140,840
Total Central	725,336	724,495	574,079	150,416
Other Support Services				
Yearbooks	-	8,000	5,897	2,103
Total Support Services	3,968,085	3,892,692	3,567,001	325,691
Community Services				
Purchased Services	30,223	33,330	34,725	(1,395)
Supplies and Materials	3,693	5,869	1,142	4,727
Total Community Services	33,916	39,199	35,867	3,332
Payments to Other Districts and Governmental Units				
Payments for Regular Programs				
Purchased Services	1,650	1,650	1,650	-

MOKENA SCHOOL DISTRICT NO. 159

Educational Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Continued
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Payments to Other Districts and Governmental Units - Continued				
Payments for Special Education Programs				
Purchased Services	\$ 717,627	229,679	211,522	18,157
Other	716,000	849,244	696,685	152,559
Total Payments to Other Districts and Governmental Units	<u>1,435,277</u>	<u>1,080,573</u>	<u>909,857</u>	<u>170,716</u>
Total Direct Expenditures	<u>15,301,796</u>	<u>15,065,868</u>	<u>14,174,004</u>	<u>891,864</u>
On Behalf Payments	<u>-</u>	<u>-</u>	<u>5,435,308</u>	<u>(5,435,308)</u>
Debt Service				
Principal Retirement	-	-	106,023	(106,023)
Interest and Fiscal Charges	-	-	3,977	(3,977)
Total Debt Service	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>(110,000)</u>
Total Expenditures	<u>15,301,796</u>	<u>15,065,868</u>	<u>19,719,312</u>	<u>(4,653,444)</u>
Net Change in Fund Balance	<u>(1,266)</u>	<u>296,491</u>	<u>715,894</u>	<u>419,403</u>
Fund Balance - Beginning			<u>7,975,439</u>	
Fund Balance - Ending			<u><u>8,691,333</u></u>	

MOKENA SCHOOL DISTRICT NO. 159

Operations and Maintenance Account - General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 1,183,198	1,183,198	1,214,412	31,214
Earnings on Investments	22,000	27,500	30,536	3,036
Other Revenue from Local Sources	80,000	91,500	95,415	3,915
Total Local Sources	1,285,198	1,302,198	1,340,363	38,165
State Sources				
General State Aid	500,000	500,000	500,000	-
Total Revenues	1,785,198	1,802,198	1,840,363	38,165
Expenditures				
Support Services				
Business				
Operation and Maintenance of				
Plant Services				
Salaries	77,010	81,772	83,825	(2,053)
Employee Benefits	20,552	20,552	20,082	470
Purchased Services	1,222,488	1,355,488	1,284,592	70,896
Supplies and Materials	633,850	631,805	689,916	(58,111)
Capital Outlay	876,000	671,000	544,251	126,749
Noncapitalized Equipment	36,000	36,000	24,467	11,533
Total Operation and Maintenance of Plant Services	2,865,900	2,796,617	2,647,133	149,484
Payments to Other Districts and Governmental Units				
Payments for Special Education Programs				
Purchased Services	45,000	30,000	28,186	1,814
Total Expenditures	2,910,900	2,826,617	2,675,319	151,298
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,125,702)	(1,024,419)	(834,956)	189,463
Other Financing Sources				
Transfers In	-	27,742	27,742	-
Net Change in Fund Balance	(1,125,702)	(996,677)	(807,214)	189,463
Fund Balance - Beginning			1,978,700	
Fund Balance - Ending			1,171,486	

MOKENA SCHOOL DISTRICT NO. 159

Working Cash Account - General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Modified Cash Basis

For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 68,419	68,419	68,709	290
Earnings on Investments	25,000	41,500	47,586	6,086
Total Revenues	<u>93,419</u>	<u>109,919</u>	<u>116,295</u>	<u>6,376</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>93,419</u>	<u>109,919</u>	116,295	<u>6,376</u>
Fund Balance - Beginning			<u>2,241,870</u>	
Fund Balance - Ending			<u>2,358,165</u>	

MOKENA SCHOOL DISTRICT NO. 159

Tort Account - General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 141,644	143,243	147,460	4,217
Earnings on Investments	750	1,250	1,795	545
Total Revenues	<u>142,394</u>	<u>144,493</u>	<u>149,255</u>	<u>4,762</u>
Expenditures				
Support Services				
General Administration				
Workers' Compensation Payments				
Purchased Services	75,000	50,000	46,384	3,616
Legal Services				
Purchased Services	100	100	-	100
Insurance Payments				
Purchased Services	78,001	78,001	74,536	3,465
Total Expenditures	<u>153,101</u>	<u>128,101</u>	<u>120,920</u>	<u>7,181</u>
Net Change in Fund Balance	<u>(10,707)</u>	<u>16,392</u>	28,335	<u>11,943</u>
Fund Balance - Beginning			<u>116,906</u>	
Fund Balance - Ending			<u><u>145,241</u></u>	

MOKENA SCHOOL DISTRICT NO. 159

Transportation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 374,002	404,797	415,659	10,862
Transportation Fees	29,000	12,000	9,884	(2,116)
Earnings on Investments	12,500	25,000	27,043	2,043
Other Revenue from Local Sources	500	500	-	(500)
Total Local Sources	<u>416,002</u>	<u>442,297</u>	<u>452,586</u>	<u>10,289</u>
State Sources				
Transportation - Regular and Vocational	15,000	13,500	13,397	(103)
Transportation - Special Education	254,872	210,000	208,951	(1,049)
Total State Sources	<u>269,872</u>	<u>223,500</u>	<u>222,348</u>	<u>(1,152)</u>
Total Revenues	<u>685,874</u>	<u>665,797</u>	<u>674,934</u>	<u>9,137</u>
Expenditures				
Support Services				
Pupil Transport Services				
Salaries	326,240	383,548	350,518	33,030
Employee Benefits	22,750	20,229	20,105	124
Purchased Services	535,578	409,350	407,388	1,962
Supplies and Materials	53,000	49,000	49,211	(211)
Other	2,500	2,500	-	2,500
Total Support Services	<u>940,068</u>	<u>864,627</u>	<u>827,222</u>	<u>37,405</u>
Payments to Other Districts and Governmental Units				
Payments for Special Education Programs				
Purchased Services	50,130	50,130	50,130	-
Total Expenditures	<u>990,198</u>	<u>914,757</u>	<u>877,352</u>	<u>37,405</u>
Net Change in Fund Balance	<u>(304,324)</u>	<u>(248,960)</u>	<u>(202,418)</u>	<u>46,542</u>
Fund Balance - Beginning			<u>1,454,008</u>	
Fund Balance - Ending			<u>1,251,590</u>	

MOKENA SCHOOL DISTRICT NO. 159

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Local Sources				
Taxes				
General Levy	\$ 2,199,566	2,199,566	2,215,469	15,903
Earnings on Investments	10,000	19,500	21,267	1,767
Total Revenues	<u>2,209,566</u>	<u>2,219,066</u>	<u>2,236,736</u>	<u>17,670</u>
Expenditures				
Debt Service				
Principal Retirement	625,535	625,535	625,535	-
Interest and Fiscal Charges	1,636,852	1,636,852	1,636,671	181
Total Expenditures	<u>2,262,387</u>	<u>2,262,387</u>	<u>2,262,206</u>	<u>181</u>
Net Change in Fund Balance	<u>(52,821)</u>	<u>(43,321)</u>	(25,470)	<u>17,851</u>
Fund Balance - Beginning			<u>1,470,354</u>	
Fund Balance - Ending			<u>1,444,884</u>	

MOKENA SCHOOL DISTRICT NO. 159

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Earnings on Investments	\$ 2,500	4,500	3,949	(551)
Expenditures				
Support Services				
Business				
Capital Outlay	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,500	4,500	3,949	(551)
Other Financing (Uses)				
Transfers Out	-	(27,742)	(27,742)	-
Net Change in Fund Balance	<u>2,500</u>	<u>(23,242)</u>	(23,793)	<u>(551)</u>
Fund Balance - Beginning			<u>65,389</u>	
Fund Balance - Ending			<u>41,596</u>	

MOKENA SCHOOL DISTRICT NO. 159

Nonmajor Governmental Funds

Combining Balance Sheet - Modified Cash Basis

June 30, 2019

	<u>Special Revenue Municipal Retirement/ Social Security</u>	<u>Capital Projects Fire Prevention and Safety</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 209,899	802	210,701
FUND BALANCES			
Restricted	209,899	802	210,701

MOKENA SCHOOL DISTRICT NO. 159

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Special Revenue <u>Municipal</u> Retirement/ Social Security	Capital Projects <u>Fire</u> Prevention and Safety	Totals
Revenues			
Local Sources			
Property Taxes	\$ 392,078	-	392,078
Replacement Taxes	52,160	-	52,160
Earnings on Investments	3,799	-	3,799
Total Revenues	<u>448,037</u>	-	<u>448,037</u>
Expenditures			
Current			
Instruction			
Regular Programs	114,375	-	114,375
Pre-K Programs	3,453	-	3,453
Special Education Programs	108,332	-	108,332
Other Instructional Programs	7,157	-	7,157
Support Services			
Pupils	28,167	-	28,167
Instructional Staff	12,288	-	12,288
General Administration	18,452	-	18,452
School Administration	52,962	-	52,962
Business	123,326	-	123,326
Central	37,869	-	37,869
Total Expenditures	<u>506,381</u>	-	<u>506,381</u>
Net Change in Fund Balances	(58,344)	-	(58,344)
Fund Balances - Beginning	<u>268,243</u>	802	<u>269,045</u>
Fund Balances - Ending	<u>209,899</u>	802	<u>210,701</u>

MOKENA SCHOOL DISTRICT NO. 159

Municipal Retirement/Social Security - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Modified Cash Basis

For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 325,566	381,452	392,078	10,626
Payments in Lieu of Taxes				
Corporate Purpose Property				
Replacement Taxes	45,000	52,500	52,160	(340)
Earnings on Investments	2,200	5,000	3,799	(1,201)
Total Revenues	<u>372,766</u>	<u>438,952</u>	<u>448,037</u>	<u>9,085</u>
Expenditures				
Instruction				
Regular Programs	141,904	120,659	114,375	6,284
Pre-K Programs	4,949	8,446	3,453	4,993
Special Education Programs	96,628	115,214	108,332	6,882
Other Instructional Programs	9,185	9,997	7,157	2,840
Total Instruction	<u>252,666</u>	<u>254,316</u>	<u>233,317</u>	<u>20,999</u>
Support Services				
Pupils	28,551	30,384	28,167	2,217
Instructional Staff	10,630	12,216	12,288	(72)
General Administration	1,268	18,153	18,452	(299)
School Administration	50,303	56,159	52,962	3,197
Business	115,395	132,625	123,326	9,299
Central	17,443	37,795	37,869	(74)
Total Support Services	<u>223,590</u>	<u>287,332</u>	<u>273,064</u>	<u>14,268</u>
Total Expenditures	<u>476,256</u>	<u>541,648</u>	<u>506,381</u>	<u>35,267</u>
Net Change in Fund Balance	<u>(103,490)</u>	<u>(102,696)</u>	(58,344)	<u>44,352</u>
Fund Balance - Beginning			<u>268,243</u>	
Fund Balance - Ending			<u>209,899</u>	

MOKENA SCHOOL DISTRICT NO. 159

Student Activity, Convenience Accounts, and Other Agency Funds - Agency Fund

**Schedule of Assets and Liabilities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2019**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 13,852	79,427	74,397	18,882
LIABILITIES				
Due to Activity Fund Organizations				
MES - Student Council	1,321	2,743	2,656	1,408
MIS - Girls on the Run	(205)	47	20	(178)
MIS - School Store	349	630	468	511
MIS - Student Council	458	516	355	619
MJHS - Funds for Conv Account	524	-	-	524
MJHS - Student Council	449	1,045	877	617
NJHS - Student Council	210	1,281	1,439	52
MJHS - Friends of Rachel	106	-	66	40
MES - Assemblies/Field Trips	1,459	9,166	9,557	1,068
MES - Grant - PTA	(5)	-	-	(5)
MES - K Mothers Day Plates	(20)	-	-	(20)
MES - Recorders	138	835	743	230
MES - Principals Account IPA Breakfast	(315)	-	-	(315)
MES - Spirit Wear - Students	79	2,725	2,737	67
MES - Spirit Wear - Staff	(120)	-	-	(120)
MES - Yearbooks	174	473	679	(32)
MES - Miscellaneous (Damaged Books)	118	339	190	267
MES - Pop and Water	117	1,236	790	563
MIS - Assemblies/Field Trips	38	1,415	1,228	225
MIS - Book Fair	-	7,151	6,632	519
MIS - Class Year Fund-4th	276	3,816	3,785	307
MIS - Class Year Fund-5th	933	8,648	8,197	1,384
MIS - Rocket Runners	4	820	753	71
MIS - Pop and Water	215	364	422	157
MIS - JK Vending Commission	18	-	-	18
MIS - Spirit Wear - Students	55	-	-	55
MIS - Yearbooks	621	319	678	262
MIS - Miscellaneous	(145)	-	6	(151)
MJHS - Assemblies/Field Trips	500	18,449	16,346	2,603

MOKENA SCHOOL DISTRICT NO. 159

Student Activity, Convenience Accounts, and Other Agency Funds - Agency Fund

**Schedule of Changes in Assets and Liabilities - Modified Cash Basis - Continued
For the Fiscal Year Ended June 30, 2019**

	Beginning			Ending
	Balances	Additions	Deductions	Balances
LIABILITIES - Continued				
Due to Activity Fund Organizations - Continued				
MJHS - Book Fair	\$ 447	3,552	3,540	459
MJHS - Charity/Fundraising	1,000	6,712	4,592	3,120
MJHS - Graduation Gowns	(115)	-	-	(115)
MJHS - Graduation Party	(900)	-	-	(900)
MJHS - Graduation-General	(982)	-	-	(982)
MJHS - Great America	268	5,124	5,212	180
MJHS - Pop and Water	313	284	178	419
MJHS - Referee and Gate	2,783	-	-	2,783
MJHS - Yearbooks	222	-	-	222
MJHS - Miscellaneous	3,464	1,737	2,251	2,950
Total Liabilities	13,852	79,427	74,397	18,882

MOKENA SCHOOL DISTRICT NO. 159

**Consolidated Year-End Financial Report
June 30, 2019**

CSFA #	Program Name	State	Federal	Other	Totals
420-00-2077	Building Renovations	\$ -	-	-	-
	Other Grant Programs and Activities	-	-	-	-
	All Other Costs Not Allocated	-	-	-	-
	Totals	-	-	-	-

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING
STANDARDS**

Date

Members of the Board of Education
Mokena School District No. 159
Mokena, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mokena School District No. 159, Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LAUTERBACH & AMEN, LLP

MOKENA SCHOOL DISTRICT NO. 159

Post-Retirement Health Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
June 30, 2019**

	2018	2019
Total OPEB Liability		
Service Cost	\$ 17,675	-
Interest	4,226	-
Differences Between Expected and Actual Experience	-	-
Change of Assumptions or Other Inputs	(1,334)	-
Benefit Payments	(21,492)	-
Other (Net Transfer)	-	-
Net Change in Total OPEB Liability	(925)	-
Total OPEB Liability - Beginning	128,778	127,853
Total OPEB Liability - Ending	127,853	127,853
Covered Payroll	\$ 7,480,186	-
Total OPEB Liability as a Percentage of Covered Payroll	1.71%	#DIV/0!

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Benefit Terms. There was no change in the retirees' share of health insurance premiums.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Health Care Cost
2018	8.58%
2019	7.50%
2020	7.00%
2021	6.50%
2022	6.00%
2023	5.50%
2024	4.50%
2025	4.50%
2026	4.50%
2027	4.50%
Ultimate	4.50%

In 2019, there was no change in the healthcare trend rates from the prior year.

MOKENA SCHOOL DISTRICT NO. 159

Teacher's Health Insurance Security Fund

Schedule of Employer Contributions

June 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 67,113	\$ 67,113	\$ -	\$ 7,626,520	0.88%
2019	76,314	76,314	-	8,295,009	0.92%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

MOKENA SCHOOL DISTRICT NO. 159

Teacher's Health Insurance Security Fund

Schedule of Employer Contributions - Continued

June 30, 2019

Notes to the Schedule of Employer Contributions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Sponsor's Fiscal Year End	June 30, 2019

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you-go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2018, contribution rates are 1.18% of pay for active members, 0.88% of pay for employers, and 1.18% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Market Value
Investment Rate of Return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Inflation	2.75%
Salary Increases	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016 actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trends start at 8.00% and 9.00% for non-Medicare cost and Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.36% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

MOKENA SCHOOL DISTRICT NO. 159

Teacher's Health Insurance Security Fund

**Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
June 30, 2019**

	<u>6/30/18</u>	<u>6/30/19</u>
Employer's Proportion of the Net OPEB Liability	0.0326090%	0.0321710%
Employer's Proportionate Share of the Net OPEB Liability	\$ 8,461,899	8,475,702
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>11,112,540</u>	<u>11,381,017</u>
Total	<u>19,574,439</u>	<u>19,856,719</u>
Employer's Covered Payroll	\$ 7,626,520	8,295,009
Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll	110.95%	102.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	(0.23%)	(0.07%)

Notes:

The amounts presented were determined as of the prior fiscal-year end.

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

MOKENA SCHOOL DISTRICT NO. 159

Teachers' Retirement System

**Schedule of the Employer's Proportionate Share of the Net Pension Liability and
Employer Contributions
June 30, 2019**

	<u>6/30/16</u>
Employer's Proportion of the Net Pension Liability	0.0018%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,202,921
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>46,832,184</u>
Total	<u>48,035,105</u>
Employer's Covered Payroll	\$ 7,533,046
Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	13.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.50%
Contractually-Required Contribution	\$ 62,259
Contributions in Relation to the Contractually Required Contribution	\$ 62,259
Contribution Deficiency (Excess)	\$ -
Employer's Covered Payroll	\$ 7,533,046
Contributions as a % of Covered Payroll	0.83%

Notes:

The amounts presented were determined as of the prior fiscal-year end.

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

6/30/17	6/30/18	6/30/19
0.0016%	0.0017%	0.0011%
1,268,878	1,293,504	828,835
59,785,387	54,983,063	56,778,640
61,054,265	56,276,567	57,607,475
7,501,073	7,626,520	8,295,009
16.92%	16.96%	9.99%
36.40%	39.30%	40.00%
64,342	46,890	53,462
64,342	46,401	54,889
-	489	(1,427)
7,501,073	7,626,520	8,295,009
0.86%	0.61%	0.64%

MOKENA SCHOOL DISTRICT NO. 159

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

June 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 299,696	\$ 287,334	\$ (12,362)	\$ 2,296,519	12.51%
2016	302,481	302,481	-	2,435,433	12.42%
2017	271,600	271,600	-	2,136,897	12.71%
2018	230,898	230,898	-	1,786,261	12.93%
2019	241,943	241,943	-	1,877,223	12.89%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market, 20% Corridor
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMFR specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

MOKENA SCHOOL DISTRICT NO. 159

Illinois Municipal Retirement Fund

**Schedule of Changes in the Employer's Net Pension Liability
June 30, 2019**

See Following Page

MOKENA SCHOOL DISTRICT NO. 159

Illinois Municipal Retirement Fund

**Schedule of Changes in the Employer's Net Pension Liability
June 30, 2019**

	<u>12/30/14</u>
Total Pension Liability	
Service Cost	\$ 249,878
Interest	763,638
Differences Between Expected and Actual Experience	270,566
Change of Assumptions	463,784
Benefit Payments, Including Refunds of Member Contributions	<u>(347,323)</u>
Net Change in Total Pension Liability	1,400,543
Total Pension Liability - Beginning	<u>10,230,559</u>
Total Pension Liability - Ending	<u><u>11,631,102</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 287,334
Contributions - Members	100,717
Net Investment Income	586,704
Benefit Payments, Including Refunds of Member Contributions	<u>(347,323)</u>
Other (Net Transfer)	<u>81,593</u>
Net Change in Plan Fiduciary Net Position	709,025
Plan Net Position - Beginning	<u>9,597,735</u>
Plan Net Position - Ending	<u><u>10,306,760</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,324,342</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.61%
Covered Payroll	\$ 2,296,519
Employer's Net Pension Liability as a Percentage of Covered Payroll	57.67%

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/30/15	12/30/16	12/30/17	12/30/18
271,271	281,049	190,146	182,091
865,883	920,113	939,617	984,624
(8,969)	(437,044)	407,086	68,203
31,298	(55,557)	(367,410)	381,384
(381,523)	(431,254)	(506,431)	(624,205)
777,960	277,307	663,008	992,097
11,631,102	12,409,062	12,686,369	13,349,377
12,409,062	12,686,369	13,349,377	14,341,474
302,481	271,600	221,676	240,903
113,094	96,205	83,636	82,815
51,619	701,477	1,852,274	(691,413)
(381,523)	(431,254)	(506,431)	(624,205)
(179,457)	74,672	(111,384)	279,082
(93,786)	712,700	1,539,771	(712,818)
10,306,760	10,212,974	10,925,674	12,465,445
10,212,974	10,925,674	12,465,445	11,752,627
2,196,088	1,760,695	883,932	2,588,847
82.30%	86.12%	93.38%	81.95%
2,435,433	2,136,897	1,792,046	1,778,960
90.17%	82.39%	49.33%	145.53%

SUPPLEMENTAL SCHEDULES

MOKENA SCHOOL DISTRICT NO. 159

**Tax Rates and Extensions - Five Year Summary of Assessed Valuations
June 30, 2019**

	2014	2015	2016	2017	2018
Assessed Valuation	\$ 527,828,734	532,203,181	553,652,807	574,488,096	592,536,085
Tax Rates					
Educational	2.0379	2.0460	2.0726	2.0236	2.0377
Operations and Maintenance	0.2202	0.2212	0.2177	0.2126	0.2099
Transportation	0.0555	0.0574	0.0584	0.0727	0.0719
Working Cash	0.0121	0.0124	0.0122	0.0120	0.0119
Municipal Retirement	0.0569	0.0590	0.0219	0.0343	0.0339
Social Security	0.0569	0.0590	0.0220	0.0343	0.0339
Tort Immunity	0.0256	0.0245	0.0241	0.0258	0.0255
Special Education	0.0832	0.0847	0.0833	0.0814	0.0804
Bond and Interest	0.4661	0.4221	0.4065	0.3914	0.3799
Total Tax Rates	3.0144	2.9863	2.9187	2.8881	2.8850
Tax Extensions					
Educational	\$ 10,756,622	10,888,877	11,475,008	11,625,341	12,074,109
Operations and Maintenance	1,181,366	1,177,233	1,205,302	1,221,362	1,243,733
Transportation	297,756	305,485	323,333	417,653	426,033
Working Cash	64,916	65,993	67,546	68,939	70,512
Municipal Retirement	305,267	314,000	121,250	197,049	200,870
Social Security	305,267	314,000	121,804	197,049	200,870
Tort Immunity	137,343	130,390	133,430	148,218	151,097
Special Education	446,365	450,776	461,193	467,633	476,399
Bond and Interest	2,500,612	2,246,430	2,250,599	2,248,546	2,251,045
Total Tax Extensions	15,995,514	15,893,184	16,159,465	16,591,790	17,094,668
Total Tax Collections	\$ 15,892,301	15,890,457	16,156,734	16,591,795	8,962,467
Percentage Collected	99.35%	99.98%	99.98%	100.00%	52.43%

MOKENA SCHOOL DISTRICT NO. 159

Schedule of Long-Term Debt Requirements

**Capital Appreciation School Bonds of 2000
June 30, 2019**

Date of Issue	March 30, 2011
Date of Maturity	December 1, 2019
Authorized Issue	\$4,545,000
Denomination of Bonds	\$5,000
Interest Rate	7.147%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2020	\$ 480,571	1,409,430	1,890,001

MOKENA SCHOOL DISTRICT NO. 159

Schedule of Long-Term Debt Requirements

General Obligation Limited Working Cash School Bonds of 2016A

June 30, 2019

Date of Issue	March 7, 2016
Date of Maturity	December 1, 2035
Authorized Issue	\$2,865,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2020	\$ 115,000	92,800	207,800
2021	115,000	89,925	204,925
2022	120,000	86,400	206,400
2023	125,000	82,725	207,725
2024	125,000	78,975	203,975
2025	130,000	75,150	205,150
2026	135,000	70,500	205,500
2027	140,000	65,000	205,000
2028	145,000	59,300	204,300
2029	155,000	53,300	208,300
2030	160,000	47,000	207,000
2031	165,000	40,500	205,500
2032	170,000	33,800	203,800
2033	180,000	26,800	206,800
2034	185,000	19,500	204,500
2035	195,000	11,900	206,900
2036	200,000	4,000	204,000
	<u>2,560,000</u>	<u>937,575</u>	<u>3,497,575</u>

MOKENA SCHOOL DISTRICT NO. 159

Schedule of Long-Term Debt Requirements

General Obligation Refunding School Bonds of 2016B

June 30, 2019

Date of Issue	March 7, 2016
Date of Maturity	December 1, 2035
Authorized Issue	\$4,080,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	Bank of New York Mellon

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2020	\$ -	152,950	152,950
2021	195,000	150,025	345,025
2022	200,000	144,100	344,100
2023	205,000	138,025	343,025
2024	210,000	131,800	341,800
2025	215,000	125,425	340,425
2026	225,000	117,700	342,700
2027	235,000	108,500	343,500
2028	245,000	98,900	343,900
2029	255,000	88,900	343,900
2030	265,000	78,500	343,500
2031	275,000	67,700	342,700
2032	285,000	56,500	341,500
2033	300,000	44,800	344,800
2034	310,000	32,600	342,600
2035	325,000	19,900	344,900
2036	335,000	6,700	341,700
	<u>4,080,000</u>	<u>1,563,025</u>	<u>5,643,025</u>



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Mokena School District 159
Finance Committee Meeting
September 9, 2019



"Where Children Are The First Priority"





Capital Projects Annual Report - 2019



Projects Completed or In Progress

#	Project	Notes	Budget		Completion Date
			Low	High	
*	Catch Basin Replacement (MJH)	Replace catch basement in back parking lot at Mokena Jr. High	\$31,100	\$31,100	August 2018
*	Piping Replacement (MES)	Replace failing hydronic piping in the southwest wing of Mokena Elementary.	\$176,500	\$176,500	August 2018
2018.1	Network and Surveillance Upgrades	Add and upgrade cameras; increase network bandwidth and secure storage	\$300,000	\$500,000	August 2019
2018.2.1	HVAC and Controls (MIS)	Replace failed condensing unit #2 with a new condensing unit and install new controls for unit #2	\$165,000	\$165,000	June 2019
2018.7.1	HVAC and Controls (MES)	Replace eight (8) gas fired unit ventilators on the North side of the building	\$310,000	\$310,000	In Progress

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Capital Projects Planning 2019-2021



Capital Projects Planning

Remaining 2019

- Complete Retrocommissioning (RCx) at MES
 - Perform a functional performance test of the building automation system
 - Identify issues with sequences of operations (SOPS)
 - Provide a report of issues and recommended solutions
- Complete 8 UV replacement at MES
- Replace boiler burners at MJ
- Complete a Detailed Engineering Study (DES) for the HVAC system at MIS
 - Evaluate potential system replacement options and budgetary cost estimates
 - Select best option based on budget and operational benefits
 - Develop design documents for chosen system
 - Prepare and release RFP for proposal and pricing
- Secure grants/incentives as they become available



Capital Projects Planning

Summer 2020

- HVAC upgrades at MIS
 - Focus on cooling system
 - If funding allows, upgrade heating system
- Targeted District-wide HVAC upgrades as funding allows

Summer 2021

- HVAC upgrades at MIS
 - If HVAC system upgrades not completed in 2020
- Targeted District-wide HVAC upgrades as funding allows



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Questions?