



AGENDA
BOARD OF EDUCATION – MOKENA SCHOOL DISTRICT 159
FINANCE COMMITTEE MEETING
Mokena Elementary School
October 1, 2018
7:00 PM

I. ROLL CALL	
II. PLEDGE OF ALLEGIANCE	
III. PUBLIC COMMUNICATION	
IV. Approval of Previous Minutes	2
V. OLD BUSINESS	
A. Referendum options	5
1. Debt service extension base	
2. Limiting rate increase	
3. Building Bond	
VI. NEW BUSINESS	
A. District audit	35
B. Levy 2018	133
VII. CHANGE OF FINANCE COMMITTEE MEETINGS	137
VIII. ADJOURNMENT	

MINUTES
MOKENA SCHOOL DISTRICT 159 FINANCE COMMITTEE
MOKENA ELEMENTARY SCHOOL
September 10, 2018

BOARD OF EDUCATION

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

BOE Members present: Jennifer Riedl, Mike Everett

STAFF present: Janet Walker

VISITORS present: Dave Fako, Tammie Beckwith Schallmo, Alan-STR Architects

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 August 13 2018 minutes as presented; Mrs. Zielinski second the motion.

V. OLD BUSINESS

A. PMA Presentation – Referendum Options

- Tammie Beckwith Schallmo from PMA explained three Referendum Options:
 1. Building bond
 - Scenario 1
 - 20 year financing
 - Maintain current annual debt service
 - Estimated net proceeds of \$24.8 million
 - Scenario 2
 - 20 year financing
 - Est. \$100 tax payment decrease
 - Estimated new proceeds of \$15.3 million
 2. Debt service extension base
 - Sell non-referendum general obligation bonds
 - Increase district’s DSEB annually by CPI
 - Original DSEB: \$186,375
 - DSEB for levy year 2018: \$218,788
 - Some districts do not have a DSEB

- More financial flexibility with having a DSEB
- DSEB referendum is hard to communicate with community
- Success rate between 25-30%
- 3. Limiting rate increase
 - Changes each year by the relationship between CPI and the reassessment of EAV
 - District's limiting rate for 2017 was \$2.4967/\$100 of EAV
 - District determines an amount of funds needed and then determines a Limiting Rate increase to request
 - Advantages
 - Limiting Rate increase is permanent
 - No interest expense or costs of issuance to sell bonds
 - Disadvantages
 - Difficult to apply predictably
 - Lag time for the receipt of funds since the timing of approval relative to the levy cycle determines when added revenue is received

B. Pre-referendum Survey Consultant

- Dave Fako, from Fako Research & Strategies, who was here in February, presented on conducting a survey for the District to see what the community will support in terms of a referendum
 - Get an assessment of views from each school
 - Find out how the schools are being run
 - Random sample of population, 300 good sample
 - Do not want only parents of school children
 - Screen for registered voters
 - Give a dollar amount range to see what the community will support
 - For ex: if you ask for \$20 mil, tell the community what the money will be used for:
 - Renovations, upgrades, upgrades on existing equipment
 - More tangible, the more supportive the community will be
 - Two ways to conduct survey:
 - A. Phone Survey
 - Via cellphones
 - Can customize caller ID to say Mokena 159
 - Exempt from The Do Not Call Registry
 - Try up to 6 times to call same person, different days
 - Human has to dial and initiate the phone call
 - Call times:
 - M-F between 5:30pm – 9:00pm
 - Have to making phone calls by 9:00pm
 - Sat. - During the daytime
 - Sun. – Daytime – night time
 - B. Online Survey
 - Not recommended as the main source of survey
 - Dual mode – perform both phone and online survey at same time
 - Can get more data
- We need the public output
- Takes 40-60 calls to make 1 survey
- Once a person is reached on the phone, can retain them for interview
- Turnaround time:

- 3 to 4 weeks to receive written narrative report with findings
- Best option to find out what public wants

C. Budget FY19

- Updated Budget is at 64% of balance to annual expenditures
- If you take out Working Cash Fund – 53% of balance to annual expenditures
- Education Fund Highlights and Updates
 - Total of 4.5 additional FTE staff members for FY19
 - Added 3 Instructional Coaches
 - Added 1.5 FTE in Music Department
 - Additional expense for Preschool for All
 - Contractual obligations @ 2%, 3.25% or 6%
 - Health Insurance Adjustments – Classified and Certified
 - Clean up site-based accounting codes and create those expense lines
 - Additional SPED contractual obligations
 - Technology projects and initiatives
 - Software updates, upgrades, and additions

VI. NEW BUSINESS

- A. Architectural Services – RFQ
 - Asking board approval to select a new district architect
- B. Community Research and Engagement Service – RFQ
 - Requesting quotes from Fako Research & Strategies and other firms similar to his
- C. Future Dates:
 - October 1, 2018
 - November 5, 2018
 - December 10, 2018
 - January 14, 2019

VII. ITEMS FOR OCTOBER 1, 2018 MEETING

- A. District Audit
 - Don Shaw from Lauterback & Amen, LLP will be presenting
- B. Facility needs

VIII. ADJOURMENT

At 8:52pm Chairman Bush adjourned the Finance Committee September 10, 2018 meeting. Mrs. Ulrich second the motion. Committee adjourned all in favor.

Minutes Respectfully Submitted by
Janet Walker, Administrative Secretary



MOKENA SD#159

Debt Overview and Summary of Financing/Revenue Options

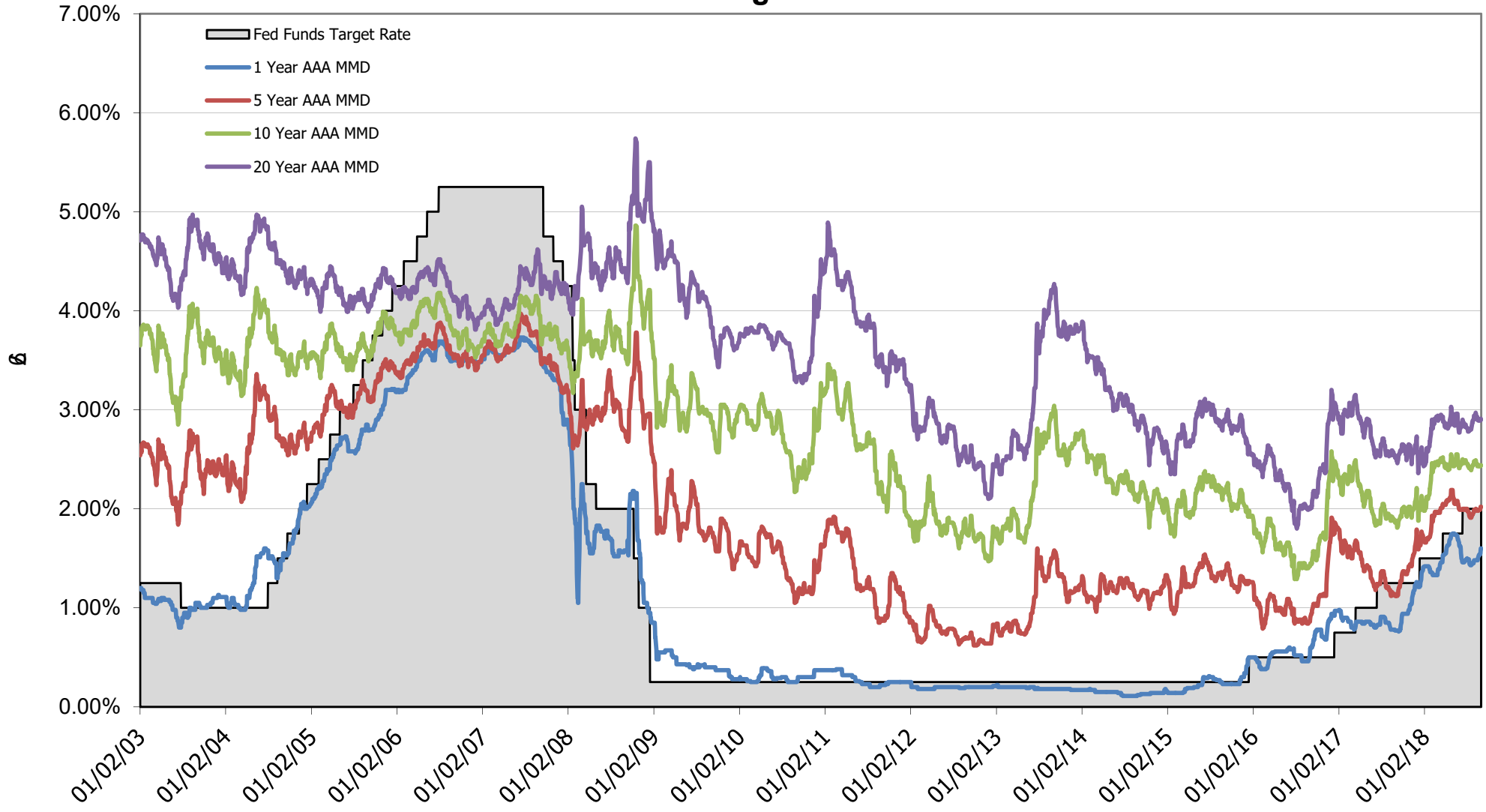
ROBERT E. LEWIS
SVP, MANAGING DIRECTOR
PMA SECURITIES, INC.

TAMMIE BECKWITH SCHALLMO
SVP, MANAGING DIRECTOR
PMA SECURITIES, INC.

September 10, 2018

Market Update

Fed Funds Target Rate vs. MMD



*The Municipal Market Data "MMD" is a AAA municipal bond market index produced by TM3. As of August 31, 2018

Overview of District Debt

Levy Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Collection Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fiscal Year Ending 6/30	2019	2020	2021	2022	2023	2024	2025	2026	2027
Direct Debt, Beginning of Period (1)	\$ 7,746,106	\$ 7,120,570	\$ 6,525,000	\$ 6,215,000	\$ 5,895,000	\$ 5,565,000	\$ 5,230,000	\$ 4,885,000	\$ 4,525,000
Principal Paydown, Series 2000 (2)	(515,535)	(480,570)	-	-	-	-	-	-	-
Principal Paydown, Series 2016A (2)	(110,000)	(115,000)	(115,000)	(120,000)	(125,000)	(125,000)	(130,000)	(135,000)	(140,000)
Principal Paydown, Series 2016B (2)	-	-	(195,000)	(200,000)	(205,000)	(210,000)	(215,000)	(225,000)	(235,000)
Direct Debt, End of Period (1)	<u>\$ 7,120,570</u>	<u>\$ 6,525,000</u>	<u>\$ 6,215,000</u>	<u>\$ 5,895,000</u>	<u>\$ 5,565,000</u>	<u>\$ 5,230,000</u>	<u>\$ 4,885,000</u>	<u>\$ 4,525,000</u>	<u>\$ 4,150,000</u>
Equalized Assessed Valuation	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096	\$ 574,488,096
Assumed EAV Increase		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Statutory Debt Limit @ 6.90%	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679	\$ 39,639,679
Direct Debt, End of Period as % of EAV	1.24%	1.14%	1.08%	1.03%	0.97%	0.91%	0.85%	0.79%	0.72%
Statutory Debt Margin at End of Period (1)	\$ 32,519,108	\$ 33,114,679	\$ 33,424,679	\$ 33,744,679	\$ 34,074,679	\$ 34,409,679	\$ 34,754,679	\$ 35,114,679	\$ 35,489,679

(1) Assumes that the principal due in the current year is paid or that the funds are set aside for payment. Does not include leases.

(2) Principal paid on December 1 of the fiscal year.

Ley Year	Fiscal Year	GO Capital Appreciation			Total	Ending Principal Balance	Cumulative Principal Retirement as Percent of Total
		School Bonds, Series 2000 (FGIC)	GO Limited School Bonds, Series 2016A	GO Refunding School Bonds, Series 2016B			
2017	2019	\$ 515,535	\$ 110,000	\$ -	\$ 625,535	\$ 7,120,570	8.08%
2018	2020	480,570	115,000	-	595,570	6,525,000	15.76%
2019	2021	-	115,000	195,000	310,000	6,215,000	19.77%
2020	2022	-	120,000	200,000	320,000	5,895,000	23.90%
2021	2023	-	125,000	205,000	330,000	5,565,000	28.16%
2022	2024	-	125,000	210,000	335,000	5,230,000	32.48%
2023	2025	-	130,000	215,000	345,000	4,885,000	36.94%
2024	2026	-	135,000	225,000	360,000	4,525,000	41.58%
2025	2027	-	140,000	235,000	375,000	4,150,000	46.42%
2026	2028	-	145,000	245,000	390,000	3,760,000	51.46%
2027	2029	-	155,000	255,000	410,000	3,350,000	56.75%
2028	2030	-	160,000	265,000	425,000	2,925,000	62.24%
2029	2031	-	165,000	275,000	440,000	2,485,000	67.92%
2030	2032	-	170,000	285,000	455,000	2,030,000	73.79%
2031	2033	-	180,000	300,000	480,000	1,550,000	79.99%
2032	2034	-	185,000	310,000	495,000	1,055,000	86.38%
2033	2035	-	195,000	325,000	520,000	535,000	93.09%
2034	2036	-	200,000	335,000	535,000	-	100.00%
Total:		<u>\$ 996,106</u>	<u>\$ 2,670,000</u>	<u>\$ 4,080,000</u>	<u>\$ 7,746,106</u>		

Purpose: NM - BLD NM - WC AR - 2000 WC – Working Cash
 AR – Advance Refund
 BLD – Building
 NM – New Money

Callable: NA 12/01/25 12/01/25

Non-Referendum Debt Service

Referendum Debt Service

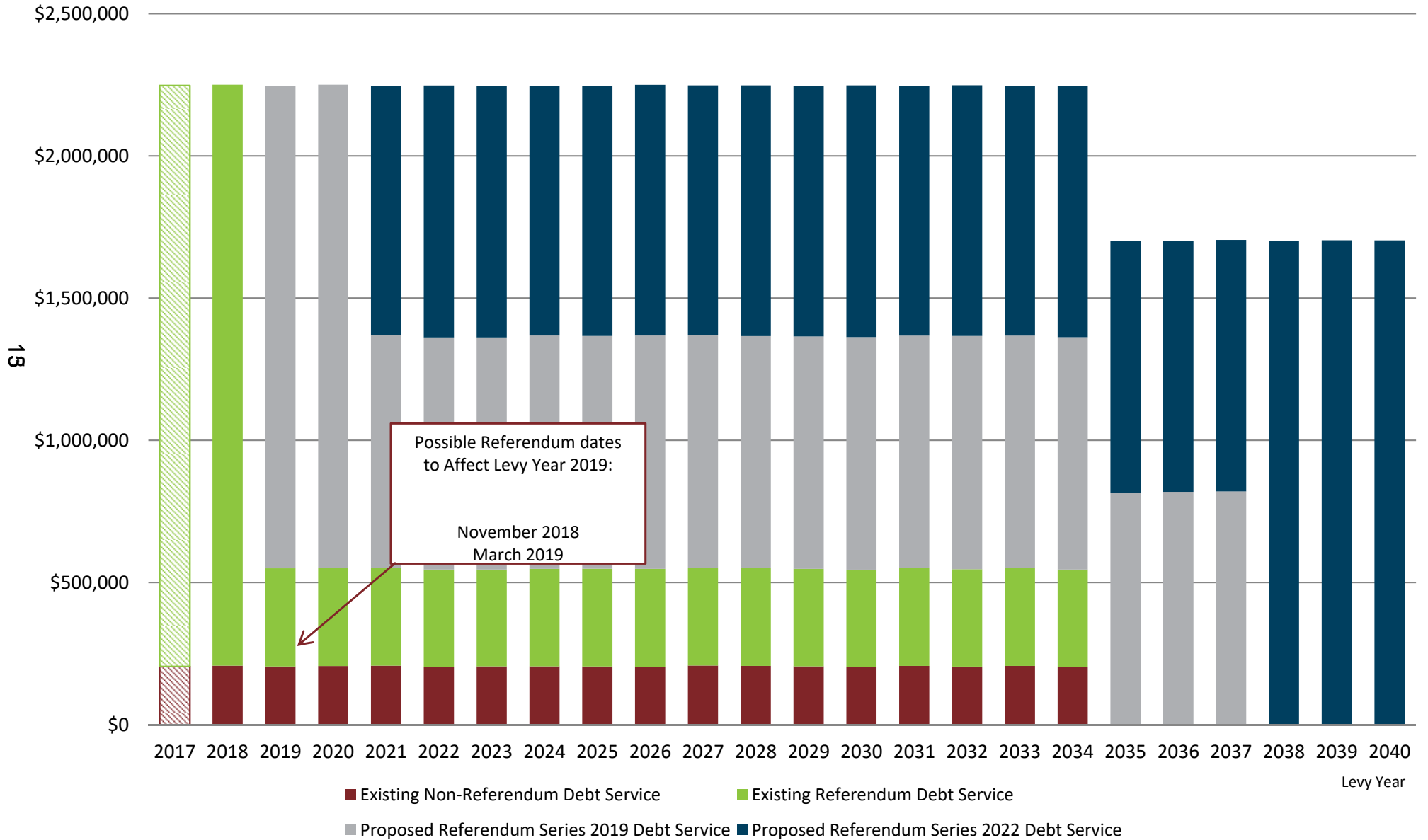
Levy Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy (1)		GO Capital Appreciation School Bonds, Series 2000 (FGIC)			GO Refunding School Bonds, Series 2016B		Total General Obligation Bonds Debt Service	EAV	Growth Rate	B&I Tax Rate
			Total	Remaining Margin			Total							
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4221		
2016	2018	207,250	207,250	209,881	2,631	1,890,000	152,950	2,042,950	2,250,200	553,652,807	4.03%	0.4064		
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	2,042,950	2,248,000	574,488,096	3.76%	0.3913		
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	2,042,950	2,250,750	574,488,096	0.00%	0.3918		
2019	2021	204,925	204,925	218,788	13,863	-	345,025	345,025	549,950	574,488,096	0.00%	0.0957		
2020	2022	206,400	206,400	218,788	12,388	-	344,100	344,100	550,500	574,488,096	0.00%	0.0958		
2021	2023	207,725	207,725	218,788	11,063	-	343,025	343,025	550,750	574,488,096	0.00%	0.0959		
2022	2024	203,975	203,975	218,788	14,813	-	341,800	341,800	545,775	574,488,096	0.00%	0.0950		
2023	2025	205,150	205,150	218,788	13,638	-	340,425	340,425	545,575	574,488,096	0.00%	0.0950		
2024	2026	205,500	205,500	218,788	13,288	-	342,700	342,700	548,200	574,488,096	0.00%	0.0000		
2025	2027	205,000	205,000	218,788	13,788	-	343,500	343,500	548,500	574,488,096	0.00%	0.0000		
2026	2028	204,300	204,300	218,788	14,488	-	343,900	343,900	548,200	574,488,096	0.00%	0.0000		
2027	2029	208,300	208,300	218,788	10,488	-	343,900	343,900	552,200	574,488,096	0.00%	0.0000		
2028	2030	207,000	207,000	218,788	11,788	-	343,500	343,500	550,500	574,488,096	0.00%	0.0000		
2029	2031	205,500	205,500	218,788	13,288	-	342,700	342,700	548,200	574,488,096	0.00%	0.0000		
2030	2032	203,800	203,800	218,788	14,988	-	341,500	341,500	545,300	574,488,096	0.00%	0.0000		
2031	2033	206,800	206,800	218,788	11,988	-	344,800	344,800	551,600	574,488,096	0.00%	0.0000		
2032	2034	204,500	204,500	218,788	14,288	-	342,600	342,600	547,100	574,488,096	0.00%	0.0000		
2033	2035	206,900	206,900	218,788	11,888	-	344,900	344,900	551,800	574,488,096	0.00%	0.0000		
2034	2036	204,000	204,000	218,788	14,788	-	341,700	341,700	545,700	574,488,096	0.00%	0.0000		
2035	2037	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
2036	2038	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
2037	2039	-	-	218,788	218,788	-	-	-	-	574,488,096	0.00%	0.0000		
Total DS From														
Current FY:		\$ 3,702,625	\$ 3,702,625	\$ 4,590,052	\$ 887,427	\$ 3,780,000	\$ 5,795,975	\$ 9,575,975	\$ 13,278,600					

The deadline to impact the 2019 levy is March 1, 2020

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter.
If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.
If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

Sample Building Bond Referendum Scenarios

The following are illustrations and not intended to be a recommendation.





SCENARIO 1

20 YEAR FINANCING - MAINTAIN CURRENT ANNUAL DEBT SERVICE ESTIMATED NET PROCEEDS: \$24.8 MILLION

Non-Referendum Debt Service

Referendum Debt Service

Levy Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy		GO Capital Appreciation School Bonds, Series 2000 (FGIC)		GO Refunding School Bonds, Series 2016B		Proposed GO School Bonds, Series 2019		Proposed GO School Bonds, Series 2022		Total General Obligation Bonds Debt Service		EAV	Growth Rate	B&I Tax Rate	Impact on a \$300,000 B&I Tax Rate Change	Market Value Home (4)
		Total	Remaining Margin	Series 2000 (FGIC)	Series 2016B	(2)	(3)	Total	Service											
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ -	\$ -	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4221						
2016	2018	207,250	207,250	209,881	2,631	1,890,000	152,950	-	-	2,042,950	2,250,200	553,652,807	4.03%	0.4064						
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	-	-	2,042,950	2,248,000	574,488,096	3.76%	0.3913						
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	-	-	2,042,950	2,250,750	574,488,096	0.00%	0.3918						
2019	2021	204,925	204,925	218,788	13,863	-	345,025	-	-	2,041,325	2,246,250	574,488,096	0.00%	0.3910	0.00				-0.74	
2020	2022	206,400	206,400	218,788	12,388	-	344,100	-	-	2,044,300	2,250,700	574,488,096	0.00%	0.3918						
2021	2023	207,725	207,725	218,788	11,063	-	343,025	-	-	2,038,925	2,246,650	574,488,096	0.00%	0.3911						
2022	2024	203,975	203,975	218,788	14,813	-	341,800	-	-	2,043,700	2,247,675	574,488,096	0.00%	0.3912						
2023	2025	205,150	205,150	218,788	13,638	-	340,425	-	-	2,041,325	2,246,475	574,488,096	0.00%	0.3910						
2024	2026	205,500	205,500	218,788	13,288	-	342,700	-	-	2,040,850	2,246,350	574,488,096	0.00%	0.3910						
2025	2027	205,000	205,000	218,788	13,788	-	343,500	-	-	2,042,150	2,247,150	574,488,096	0.00%	0.3912						
2026	2028	204,300	204,300	218,788	14,488	-	343,900	-	-	2,046,050	2,250,350	574,488,096	0.00%	0.3917						
2027	2029	208,300	208,300	218,788	10,488	-	343,900	-	-	2,039,725	2,248,025	574,488,096	0.00%	0.3913						
2028	2030	207,000	207,000	218,788	11,788	-	343,500	-	-	2,041,350	2,248,350	574,488,096	0.00%	0.3914						
2029	2031	205,500	205,500	218,788	13,288	-	342,700	-	-	2,040,425	2,245,925	574,488,096	0.00%	0.3909						
2030	2032	203,800	203,800	218,788	14,988	-	341,500	-	-	2,044,225	2,248,025	574,488,096	0.00%	0.3913						
2031	2033	206,800	206,800	218,788	11,988	-	344,800	-	-	2,040,275	2,247,075	574,488,096	0.00%	0.3911						
2032	2034	204,500	204,500	218,788	14,288	-	342,600	-	-	2,044,025	2,248,525	574,488,096	0.00%	0.3914						
2033	2035	206,900	206,900	218,788	11,888	-	344,900	-	-	2,039,800	2,246,700	574,488,096	0.00%	0.3911						
2034	2036	204,000	204,000	218,788	14,788	-	341,700	-	-	2,043,050	2,247,050	574,488,096	0.00%	0.3911						
2035	2037	-	-	218,788	218,788	-	-	-	-	1,700,100	1,700,100	574,488,096	0.00%	0.2959						
2036	2038	-	-	218,788	218,788	-	-	-	-	1,701,375	1,701,375	574,488,096	0.00%	0.2962						
2037	2039	-	-	218,788	218,788	-	-	-	-	1,704,950	1,704,950	574,488,096	0.00%	0.2968						
2038	2040	-	-	218,788	218,788	-	-	-	-	1,700,600	1,700,600	574,488,096	0.00%	0.2960						
2039	2041	-	-	218,788	218,788	-	-	-	-	1,703,550	1,703,550	574,488,096	0.00%	0.2965						
2040	2042	-	-	218,788	218,788	-	-	-	-	1,703,350	1,703,350	574,488,096	0.00%	0.2965						
Total DS From Current FY:		\$ 3,702,625	\$ 3,702,625	\$ 5,246,417	\$ 1,543,792	\$ 3,780,000	\$ 5,795,975	\$ 17,305,850	\$ 20,089,500	\$ 46,971,325	\$ 50,673,950									

Estimated Net Proceeds: 12,000,000 12,800,000 Total Net Proceeds: 24,800,000

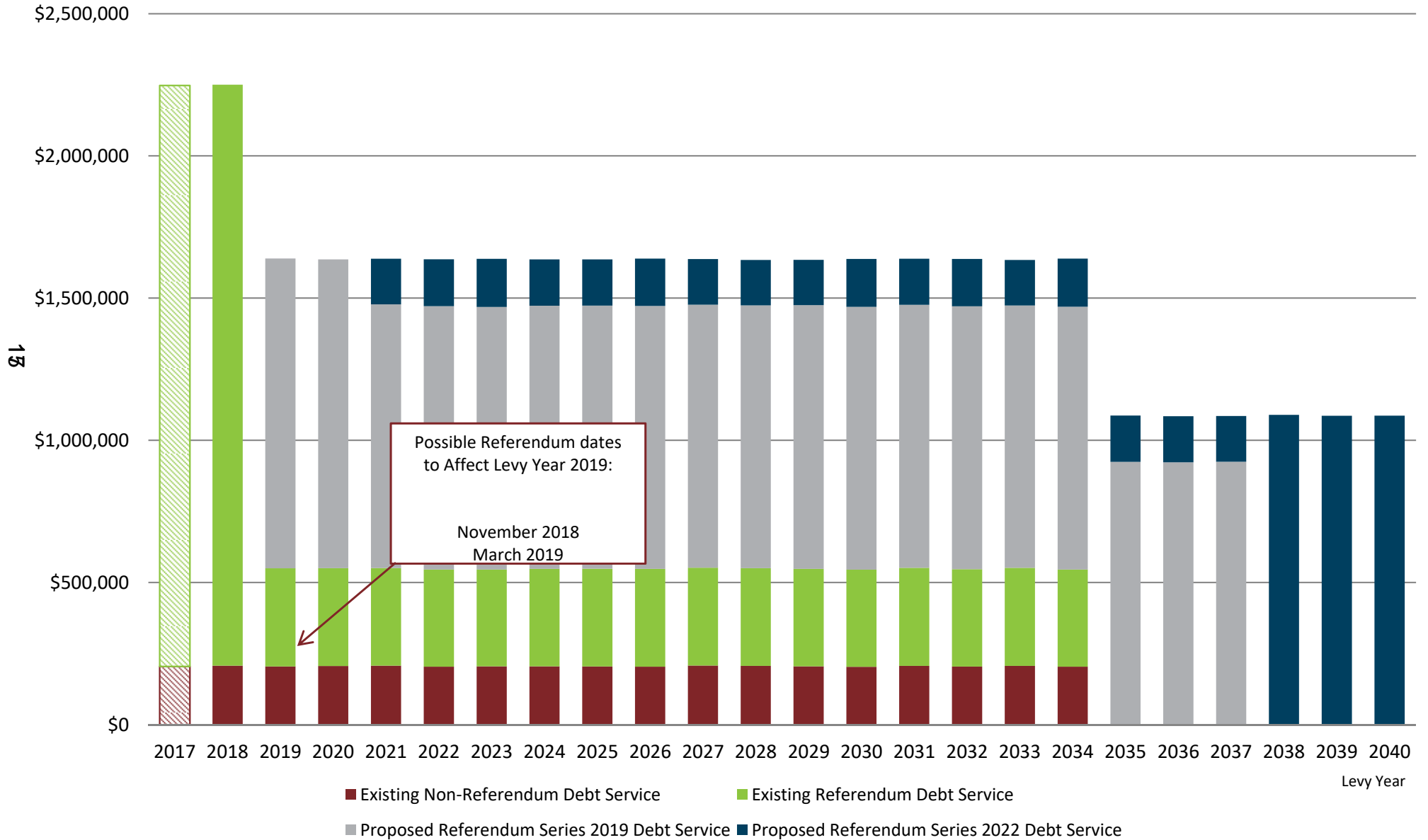
(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter.
If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.
If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

(2) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.085%.

(3) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.201%.

(4) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes 6,000 homeowner exemption.

NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.





SCENARIO 2

20 YEAR FINANCING - EST. \$100 TAX PAYMENT DECREASE

ESTIMATED NET PROCEEDS: \$15.3 MILLION

Non-Referendum Debt Service

Referendum Debt Service

Lew Year	Fiscal Year	GO Limited School Bonds, Series 2016A		Non Referendum Debt Service Extension Base Created W/1994 Levy (1)		GO Capital Appreciation School Bonds, Series 2000 (FGIC)		GO Refunding School Bonds, Series 2016B		Proposed \$11,635,000 GO School Bonds, Series 2019 (2)		Proposed \$3,325,000 GO School Bonds, Series 2022 (3)		Total General Obligation Bonds Debt Service		EAV		Growth Rate	B&I Tax Rate	Impact on a \$300,000 B&I Tax Rate Value Home Change (4)
		School Bonds, Series 2016A	Total	W/1994 Levy (1)	Remaining Margin	Series 2000 (FGIC)	School Bonds, Series 2016B	Bonds, Series 2019 (2)	Proposed GO School Bonds, Series 2022 (3)	Total	Service	Total	Service							
2015	2017	\$ 207,545	\$ 207,545	\$ 208,422	\$ 877	\$ 1,850,000	\$ 188,638	\$ -	\$ -	\$ 2,038,638	\$ 2,246,183	\$ 532,203,181	-0.80%	0.4224						
2016	2018	207,250	207,250	209,884	2,631	1,890,000	152,950	-	-	2,042,950	2,250,200	563,652,807	4.03%	0.4064						
2017	2019	205,050	205,050	214,288	9,238	1,890,000	152,950	-	-	2,042,950	2,248,000	574,488,096	3.76%	0.3913						
2018	2020	207,800	207,800	218,788	10,988	1,890,000	152,950	-	-	2,042,950	2,250,750	574,488,096	0.00%	0.3918						
2019	2021	204,925	204,925	218,788	13,863	-	345,025	1,089,400	-	1,434,425	1,639,350	574,488,096	0.00%	0.2854	-0.11	-100.04				
2020	2022	206,400	206,400	218,788	12,388	-	344,100	1,085,600	-	1,429,700	1,636,100	574,488,096	0.00%	0.2848						
2021	2023	207,725	207,725	218,788	11,063	-	343,025	927,600	160,250	1,430,875	1,638,600	574,488,096	0.00%	0.2852						
2022	2024	203,975	203,975	218,788	14,813	-	341,800	926,100	164,750	1,432,650	1,636,625	574,488,096	0.00%	0.2849						
2023	2025	205,150	205,150	218,788	13,638	-	340,425	923,600	169,000	1,433,025	1,638,175	574,488,096	0.00%	0.2852						
2024	2026	205,500	205,500	218,788	13,288	-	342,700	925,100	163,000	1,430,800	1,636,300	574,488,096	0.00%	0.2848						
2025	2027	205,000	205,000	218,788	13,788	-	343,500	925,350	162,250	1,431,100	1,636,100	574,488,096	0.00%	0.2848						
2026	2028	204,300	204,300	218,788	14,488	-	343,900	924,350	166,500	1,434,750	1,639,050	574,488,096	0.00%	0.2853						
2027	2029	208,300	208,300	218,788	10,488	-	343,900	924,825	160,500	1,429,225	1,637,525	574,488,096	0.00%	0.2850						
2028	2030	207,000	207,000	218,788	11,788	-	343,500	924,175	159,750	1,427,425	1,634,425	574,488,096	0.00%	0.2845						
2029	2031	205,500	205,500	218,788	13,288	-	342,700	927,400	159,000	1,429,100	1,634,600	574,488,096	0.00%	0.2845						
2030	2032	203,800	203,800	218,788	14,988	-	341,500	924,275	168,325	1,434,100	1,637,900	574,488,096	0.00%	0.2851						
2031	2033	206,800	206,800	218,788	11,988	-	344,800	925,025	162,200	1,432,025	1,638,825	574,488,096	0.00%	0.2853						
2032	2034	204,500	204,500	218,788	14,288	-	342,600	924,425	166,300	1,433,325	1,637,825	574,488,096	0.00%	0.2851						
2033	2035	206,900	206,900	218,788	11,888	-	344,900	922,475	160,175	1,427,550	1,634,450	574,488,096	0.00%	0.2845						
2034	2036	204,000	204,000	218,788	14,788	-	341,700	924,175	169,275	1,435,150	1,639,150	574,488,096	0.00%	0.2853						
2035	2037	-	-	218,788	218,788	-	-	924,300	162,925	1,087,225	1,087,225	574,488,096	0.00%	0.1893						
2036	2038	-	-	218,788	218,788	-	-	922,850	161,800	1,084,650	1,084,650	574,488,096	0.00%	0.1888						
2037	2039	-	-	218,788	218,788	-	-	924,825	160,675	1,085,500	1,085,500	574,488,096	0.00%	0.1890						
2038	2040	-	-	218,788	218,788	-	-	-	1,089,550	1,089,550	1,089,550	574,488,096	0.00%	0.1897						
2039	2041	-	-	218,788	218,788	-	-	-	1,086,575	1,086,575	1,086,575	574,488,096	0.00%	0.1891						
2040	2042	-	-	218,788	218,788	-	-	-	1,086,800	1,086,800	1,086,800	574,488,096	0.00%	0.1892						
Total DS From Current FY:		\$ 3,702,625	\$ 3,702,625	\$ 5,246,417	\$ 1,543,792	\$ 3,780,000	\$ 5,795,975	\$ 17,895,850	\$ 6,039,600	\$ 33,511,425	\$ 37,214,050									

Estimated Net Proceeds: 12,000,000 3,340,000 Total Net Proceeds: 15,340,000

(1) Pursuant to Public Act 96-0501, the District's DSEB will increase by the lesser of CPI or 5% each year starting with levy year 2009. The applicable CPI increase has been applied to levy years 2009-2018, and assumed to be 0% per year thereafter.

If the District issues non-referendum bonds with debt service structured assuming a growing DSEB, it will need to pass resolutions, perhaps annually, to capture the additional DSEB levy available from CPI growth.

If the CPI growth is less than estimated on average, the District will have to pay debt service in excess of the DSEB from funds on hand.

(2) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.119%.

(3) Rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%. Estimated TIC = 4.408%.

(4) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes 6,000 homeowner exemption.

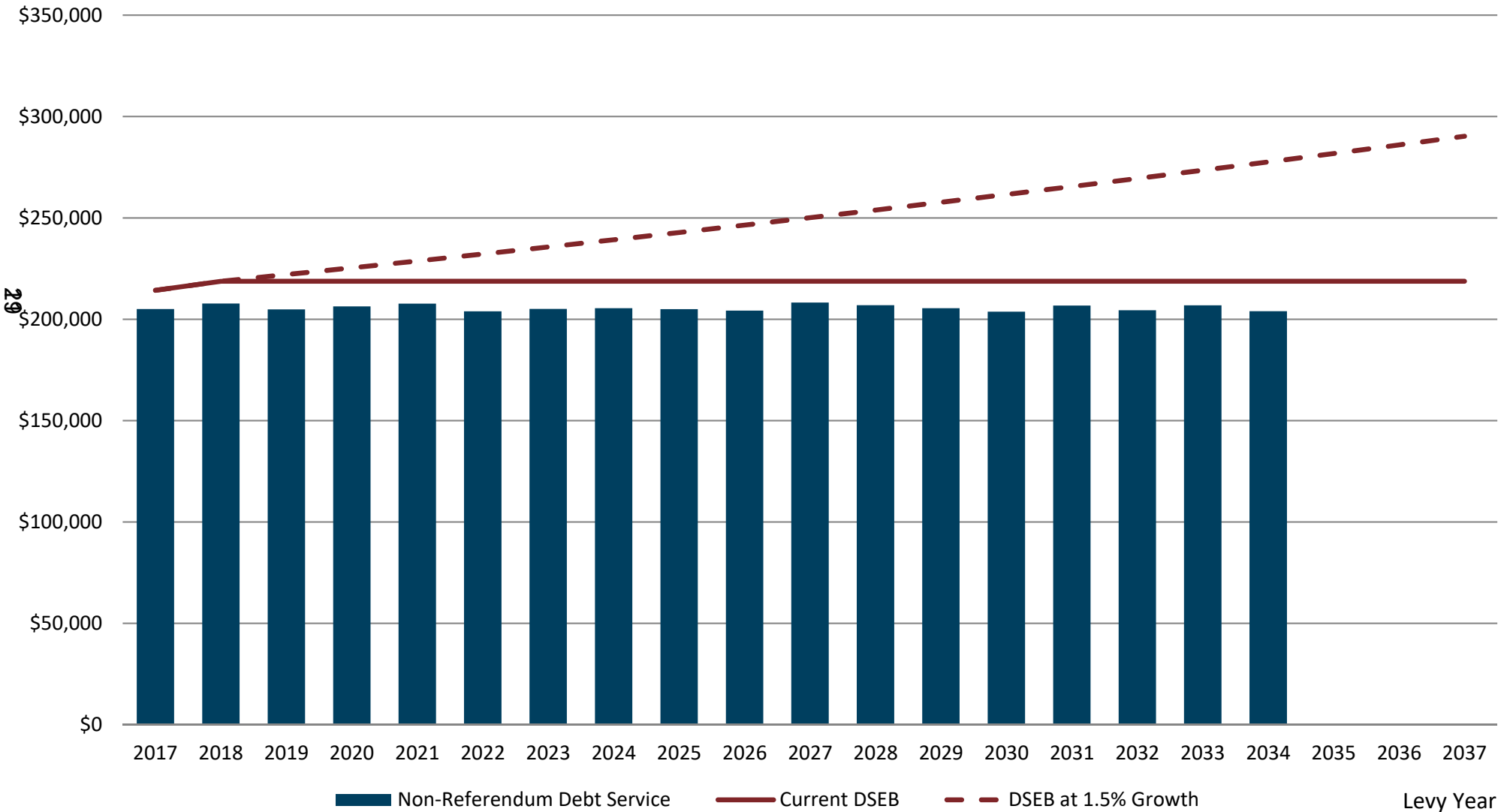
NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.

Referendum to Increase the District's Debt Service Extension Base

- Since the District is subject to tax caps, the annual debt service (principal and interest) payments on non-referendum General Obligation (GO) bonds are limited by the District's Debt Service Extension Base (DSEB)
- Original DSEB was determined in tax year 1994 and was equal to the amount of non-referendum debt service levied for that year
- Public Act 96-0501, enacted in 2009, increases a district's DSEB annually by the Consumer Price Index (CPI)
 - Original DSEB: \$186,375
 - DSEB for levy year 2018: \$218,788
- Under the school code, there are four types of non-referendum GO bonds that can be sold including life safety and working cash (see Appendix A for more details)

Existing Debt Service Extension Base

Assumed 1.5% Future Growth



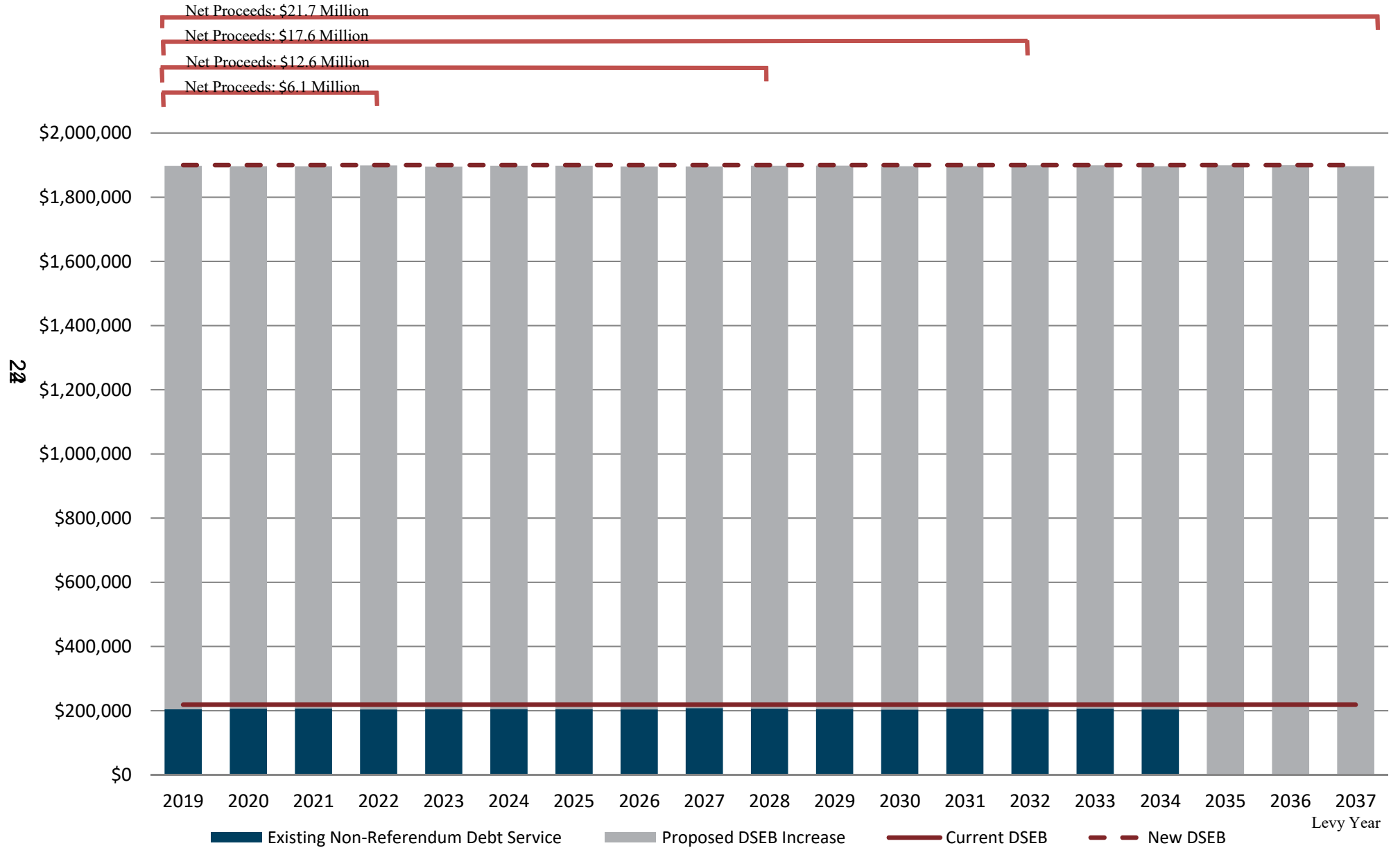
Possible Debt Service Extension Base (DSEB) Ballot Language

Shall the **debt service extension base** under the Property Tax Extension Limitation Law for School District Number 159, Will County, Illinois, for payment of principal and interest on limited bonds **be increased to \$1,900,000 for the 2019 levy year and all subsequent levy years?**

- The District could also chose to ask the voters to permit the DSEB to increase by CPI each year as is the case for most other school districts with a DSEB
- A DSEB referendum provides the District with an increased annual amount of property taxes that may be extended to pay non-referendum debt service subject to the District completing the required proceedings for a non-referendum bond issue

- If a referendum to increase the DSEB is successful the District could then issue non-referendum GO bonds payable from the DSEB anytime thereafter after completing the process for issuing the desired type of non-referendum bond
 - A life safety bond would require a BINA hearing
 - A working cash bond would require a BINA hearing and a 30-day petition period

- The District could issue bonds for a term of up to 20 years; however, the District may not want to do that for the following reasons:
 - A 20-year financing ties the hands of future Boards
 - The District will likely generate more bond proceeds by keeping the DSEB borrowings shorter (i.e. less interest paid on a 5-year bond than a 20-year bond)
 - Allows the District to address ongoing capital needs as a bond matures



Bond Scenario Summary

Referendum Scenarios

DSEB Referendum Scenarios to Maintain Current Annual Debt Service

	Scenario 1 Series 2019 & 2022		Scenario 2 Series 2019 & 2022		Scenario 3 Series 2019		Scenario 4 Series 2019		Scenario 5 Series 2019		Scenario 6 Series 2019	
	Maintain Current Annual Debt Service		Estimated \$100 tax payment decrease		5yr scenario		10yr scenario		15yr scenario		20yr scenario	
Total Proceeds	\$	24,800,000	\$	15,340,000	\$	6,155,000	\$	12,640,000	\$	17,675,000	\$	21,760,000
Proposed August 2019 Proceeds		12,000,000		12,000,000		6,155,000		12,640,000		17,675,000		21,760,000
Proposed February 2022 Proceeds		12,800,000		3,340,000								
Estimated Change in Debt Service due to Issuance (1)	\$	37,395,350	\$	23,935,450	\$	6,767,750	\$	15,216,413	\$	23,690,400	\$	32,767,150
Estimated TIC (1) (2).....		4.15%*		4.19%*		3.10%		3.38%		3.79%		4.09%
Estimated B&I Tax Rate Change (Levy Year 2019) (3)		(0.0008)		(0.1064)		(0.0011)		(0.0019)		(0.0011)		(0.0014)
Estimated Tax Payment Change (LY2019)(3)												
		Estimated LY2018 B&I Payment of Mokena 159 Tax Bill										
\$100,000 Home	\$	107	\$	(29)	\$	(0)	\$	(1)	\$	(0)	\$	(0)
\$200,000 Home		238		(65)		(1)		(1)		(1)		(1)
\$300,000 Home		368		(100)		(1)		(2)		(1)		(1)
\$400,000 Home		499		(136)		(1)		(2)		(1)		(2)
\$500,000 Home		629		(171)		(2)		(3)		(2)		(2)

(1) Preliminary rates based upon the "AAA" MMD index for August 29, 2018 and recent bond sales which PMA believes to be accurate and reliable, plus 0.50%.

(2) True Interest Cost (TIC) is the semiannual discount rate which equates the principal and interest payments to the purchase price paid by the purchaser.

(3) Actual tax rates and payments may vary based on EAV growth, State Law changes, property tax rate initiatives and other factors. Includes \$6,000 homeowner exemption.

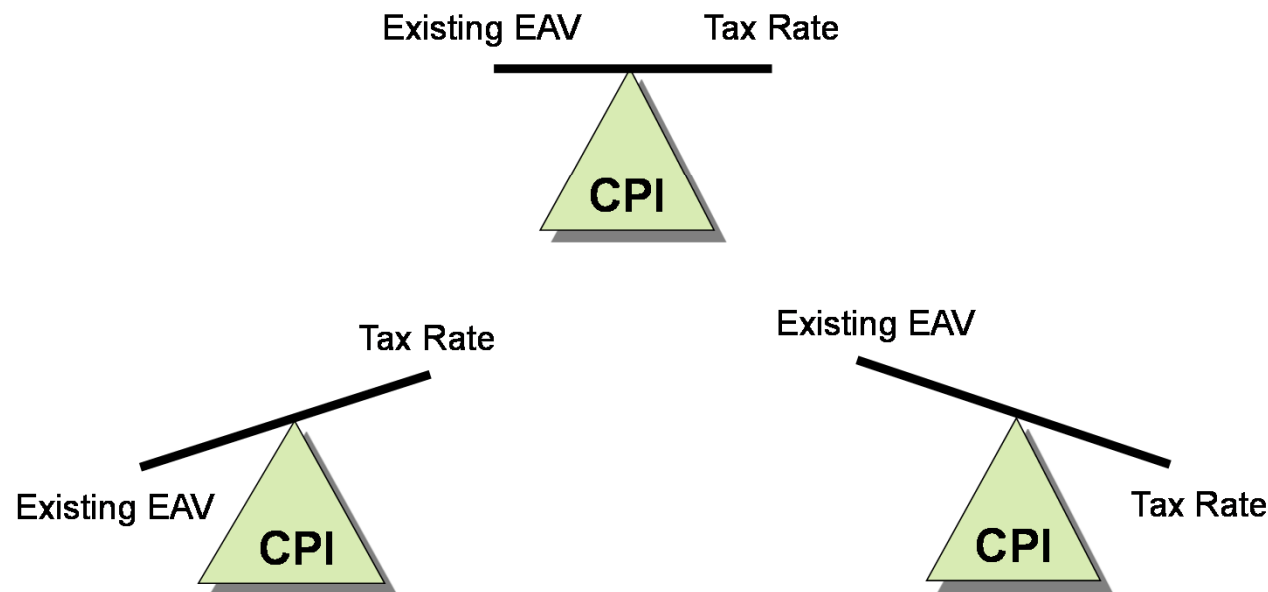
*Composite TIC

NOTE: Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the manager of the debt proceeds.

Overview of PTELL (Tax Cap)

- **Prior Year Extension** (amount collected from taxpayers) which can increase annually by the lesser of 5% and CPI
- The **Limiting Rate** changes each year by the relationship between CPI and the reassessment of EAV

EAV Change, CPI and Tax Rate



- The District's Limiting Rate for 2017 was \$2.4967/\$100 of EAV
- A voter approved Limiting Rate increase raises the limiting rate by a XX% to generate \$XX additional funds
- A district determines an amount of funds needed and then determines a Limiting Rate increase to request
- A Limiting Rate increase has two periods:
 - An effective period (one to four years)
 - The number of years the Limiting Rate remains unaffected by the tax cap and the Prior Year Extension changes by the change in EAV
 - The year following the effective period the tax cap is applied against the Prior Year Extension from the last year of the effective period

(Face of Ballot)

OFFICIAL BALLOT

PROPOSITION TO INCREASE THE LIMITING RATE

(INSTRUCTIONS TO VOTERS: Mark a cross (X) in the space opposite the word indicating the way you desire to vote.)

Shall the limiting rate under the Property Tax Extension Limitation Law for Mokena School District Number 159, Will County, Illinois, be increased by an additional amount equal to ____% above the limiting rate for any purpose of said School District for levy year 2018 and be equal to ____% of the equalized assessed value of the taxable property therein for levy year 2019?	YES	
	NO	

- (1) The approximate amount of taxes extendable at the most recently extended limiting rate is \$ _____, and the approximate amount of taxes extendable if the proposition is approved is \$ _____.
- (2) For the 2019 levy year the approximate amount of the additional tax extendable against property containing a single family residence and having a fair market value at the time of the referendum of \$100,000 is estimated to be \$ _____.
- (3) If the proposition is approved, the aggregate extension for 2019 will be determined by the limiting rate set forth in the proposition, rather than the otherwise applicable limiting rate calculated under the provisions of the Property Tax Extension Limitation Law (commonly known as the Property Tax Cap Law).

- **Advantages**
 - The Limiting Rate increase is permanent
 - No interest expense or costs of issuance to sell bonds

- **Disadvantages**
 - Difficult to implement predictably
 - The interaction between CPI and the EAV reassessment rate will change the Limiting Rate without a referendum
 - Lag time for the receipt of funds since the timing of approval relative to the levy cycle determines when added revenue is received

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

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Appendix A: Overview of Illinois School District Municipal Bond Finance

- The IL School Code prescribes very specific methods for school districts to issue municipal bonds which are as follows:
- Types of General Obligation (GO) School Bonds
 - GO School Building Bonds
 - Authorized via referendum
 - Non-referendum GO Bonds
 - Described in more detail on the next two slides
- Other borrowing options mechanisms
 - Alternate revenue bonds
 - Debt or lease certificates
 - Capital leases
 - These three types of obligations are payable from operating dollars and not from a separate tax levy like a GO bond
- Tax Anticipation Warrants (TAWs) for short-term cash flow needs

- The following types of non-referendum GO bonds are available to the District and the levy for these bonds needs to fit within the District's DSEB:
 - Working Cash (for capital projects or operating capital)
 - If for capital, funds are abated (permanent transfer) to the O&M fund and then transferred to the capital projects fund
 - Life Safety (issued in evidence of life safety approvals)
 - Funding (pays off a claim or liability like a land contract)
 - Tort

- All of these require a BINA (Bond Issue Notification Act) hearing

- Working Cash Bonds and Funding Bonds also require a back door referendum which is a 30-day petition process (10% of registered voters)

- **Please note that since the District's DSEB is utilized for nearly 20 years it does not have the capacity to issue non-referendum bonds at this time**

Working Cash Fund Bond Worksheet

MAXIMUM SIZE OF WORKING CASH FUND

Current equalized assessed valuation (Including TIF)			\$553,652,807.00
Times the maximum educational fund tax rate	\$3.5000	x	0.0350
Equals			<u>\$19,377,848.25</u>
Plus the lesser of the actual amount of replacement taxes received by the District during 2017 or the estimated amount of replacement taxes to be received by the District during 2018.		+	\$97,524.00
Equals			<u>\$19,475,372.25</u>
Times 85%		x	85%
Equals			<u>\$16,554,066.41</u>
Less the greater of working cash fund bonds outstanding OR the amount presently to the credit of the working cash fund (including amounts loaned to other funds)		-	\$2,780,000.00
			[WC Principal Outstanding]

[(Assumes Working Cash Fund is Abated)]

TOTAL (Authorized Issue Size) \$13,774,066.41

If issued on a tax-exempt basis, the working cash fund bonds would constitute a working capital financing under the Internal Revenue Code of 1986 and the arbitrage and rebate regulations promulgated thereunder. If the bonds are to be issued on a tax-exempt basis, an analysis must be made of the District's anticipated cash flow deficits in its education or other funds to determine how the proceeds of the working cash fund bonds may be invested.

In general, in order to invest the bond proceeds at an unrestricted yield, the District must reasonably expect that the principal amount of the working cash fund bonds to be issued will not be greater than the sum of (i) the projected cash flow deficit in its educational or other funds during the thirteen months following the issuance of the bonds and (ii) five percent of the expenditures from the education or other funds in the preceding fiscal year. This reasonably expected deficit must be evidenced by monthly cash flow estimates prepared by the District.

MOKENA SCHOOL
DISTRICT NO. 159, ILLINOIS

ANNUAL FINANCIAL REPORT



"Where Children Are The First Priority"

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

August 21, 2018

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

We have audited the accompanying modified cash basis 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, 2018, 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 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 August 21, 2018, 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 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, 2018

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, 2018. 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 increased by \$1,827,694. This represents an 8.5% increase from 2017.
- General revenues accounted for \$18,679,964 in revenues or 69.7% of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$8,115,434 or 30.3% of total revenues of \$26,795,398.
- The District had \$24,967,704 in expenses related to government activities. However, only \$8,115,434 of these expenses were offset by program specific charges and grants.
- Revenues for fiscal year 2018 (FY18), as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, were \$21,384,228, exclusive of on-behalf payments to the Teacher's Retirement System. Expenditures for FY18 were \$19,700,623, also exclusive on 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 FY18, \$5,411,170 was included in the total revenues and expenditures of District 159 representing the State of Illinois contributions.
- Actual revenues received in FY18 for the General Fund, exclusive of the State of Illinois on-behalf payment to the Teachers Retirement System, was \$17,724,844. Actual expenditures exclusive of on-behalf contributions were \$16,161,321 in FY18.
- The District made payments of \$805,180 on its long-term bond principal. The District did not issue any long-term debt in the current fiscal year. As of June 30, 2018 total outstanding long-term debt was \$7,932,965.

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, 2018

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, 2018

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 - 48 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 49 - 70 of this report.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2018

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 \$23,281,446.

	Net Position	
	2018	2017
Current/Other Assets	\$ 15,574,442	13,992,547
Capital Assets	15,642,700	16,303,791
Total Assets	<u>31,217,142</u>	<u>30,296,338</u>
Long-Term Debt	7,201,407	7,932,965
Other Liabilities	734,289	909,621
Total Liabilities	<u>7,935,696</u>	<u>8,842,586</u>
Net Position		
Net Investment in Capital Assets	7,709,735	7,759,209
Restricted	1,921,694	1,948,760
Unrestricted	<u>13,650,017</u>	<u>11,745,783</u>
Total Net Position	<u>23,281,446</u>	<u>21,453,752</u>

A large portion of the District's net position, \$7,709,735 or 33.1 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, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$1,921,694 or 8.3 percent, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining 58.6 percent, or \$13,650,017, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2018	2017
Revenues		
Program Revenues		
Charges for Services	\$ 827,339	696,982
Operating Grants/Contrib.	7,288,095	7,843,043
General Revenues		
Property Taxes	16,934,857	15,776,600
Personal Property Replacement Taxes	107,144	128,048
General State Aid	1,353,159	729,746
Other General Revenues	284,804	331,444
Total Revenues	<u>26,795,398</u>	<u>25,505,863</u>
Expenses		
Instructional	16,183,918	14,623,849
Pupil Support	594,109	611,622
Administration	1,728,259	1,609,183
Transportation	749,805	847,871
Other Support	4,102,770	5,779,423
Interest on Long-Term Debt	1,608,843	1,605,186
Total Expenses	<u>24,967,704</u>	<u>25,077,134</u>
Change in Net Position	1,827,694	428,729
Net Position - Beginning	<u>21,453,752</u>	<u>21,025,023</u>
Net Position - Ending	<u>23,281,446</u>	<u>21,453,752</u>

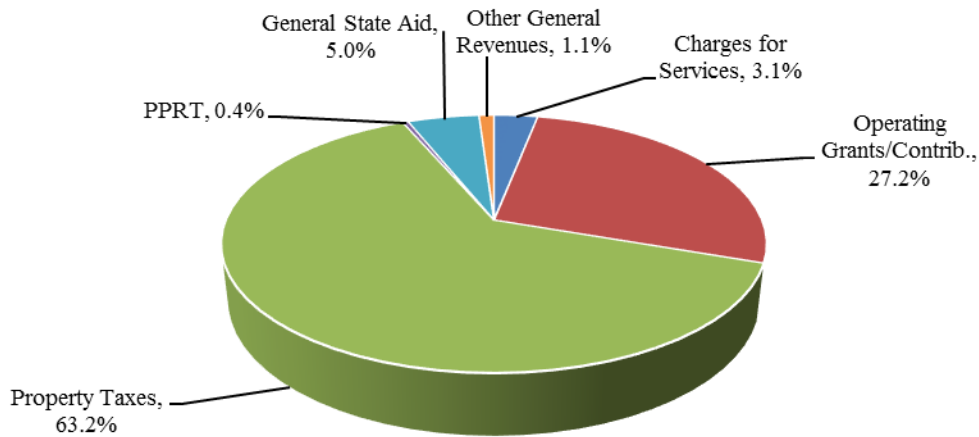
Net position of the District's governmental activities increased by 8.5 percent (\$23,281,446 in 2018 compared to \$21,453,752 in 2017). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$13,650,017 at June 30, 2018.

MOKENA SCHOOL DISTRICT NO. 159

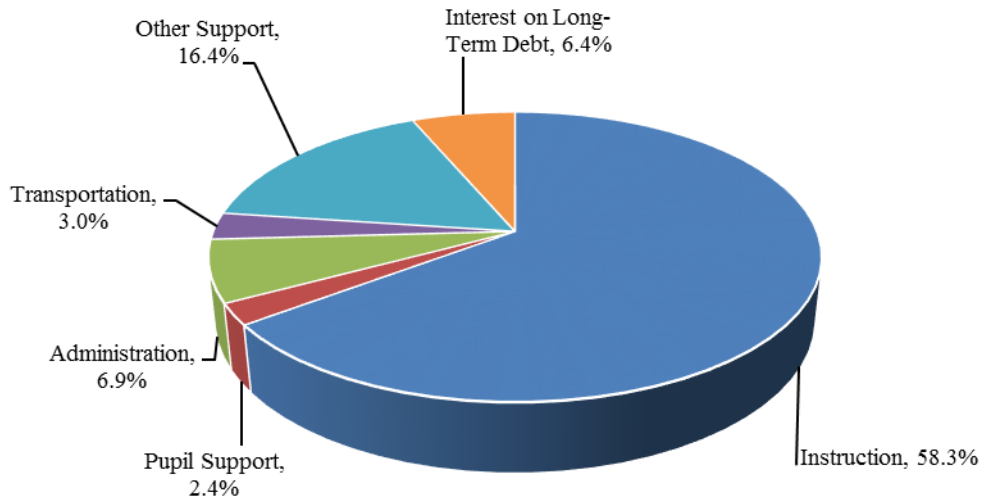
**Management’s Discussion and Analysis
June 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

District-Wide Revenues by Source



District-Wide Expenses by Function



Revenues for governmental activities totaled \$26,795,398, while the cost of all governmental functions totaled \$24,967,704. This results in a surplus of \$1,827,694. In 2017, revenues of \$25,505,863 exceeded expenses of \$25,077,134, resulting in a surplus of \$428,729. The surplus in 2018 was due in large part to an increase in property taxes of \$1,158,257.

MOKENA SCHOOL DISTRICT NO. 159

Management's Discussion and Analysis June 30, 2018

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 \$15,571,711, which is \$1,683,605, or 12.1 percent, lower than last year's total of \$13,888,106. Of the \$15,571,711 total, \$9,954,139, or 63.9 percent, of the fund balance constitutes unassigned fund balance.

Actual revenues, excluding on-behalf payments, for FY18 were \$21,384,228 representing approximately 79.8% of the total FY18 revenues. Actual expenditures, excluding on-behalf payments, totaled \$19,700,623 representing approximately 78.5% of the total FY18 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 63.2% 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 \$19,700,623, excluding on-behalf payments, with the majority, 78.5% 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 2018 budget. District 159 currently supports four long-term debt issues. District 159 has issued no short-term debt.

MOKENA SCHOOL DISTRICT NO. 159

**Management's Discussion and Analysis
June 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

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 \$17,724,844 by \$248,540, excluding on-behalf payments. Actual expenditures of \$16,161,321 were less than budgeted expenditures of \$16,854,317 by \$692,996, excluding on-behalf payments.

Within these accounts the Educational Account is the most significant budgeted fund. In the Educational Account revenues from federal sources were under budget by \$117,522. Total budgeted revenues in the Educational Account exceeded actual revenues by \$193,225, excluding on-behalf payments. Expenditures in the Educational Account were under budget by \$552,774, 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, 2018 was \$15,642,700 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and equipment.

	Capital Assets - Net of Depreciation	
	2018	2017
Land	\$ 1,092,698	1,092,698
Land Improvements	73,867	58,985
Buildings	14,028,633	14,643,014
Equipment	277,798	286,960
Vehicles	169,704	222,134
Total	<u>15,642,700</u>	<u>16,303,791</u>

This year's major additions included:

Land Improvements	\$ 31,832
Buildings	108,792
Equipment	<u>97,282</u>
	<u>237,906</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, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

The District retired \$805,180 in long-term debt and no new long-term debt was issued in the fiscal year. The long-term principal liability of \$7,932,965 in 2018. At the end of FY18, the District had a debt limit of \$39,639,679.

	Long-Term Debt	
	2018	2017
General Obligation Bonds	\$ 7,746,106	8,409,139
Capital Leases	186,859	329,006
Total	<u>7,932,965</u>	<u>8,738,145</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 2017 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 FY18. 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, 2018

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 2018-19 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, 2018**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	<u>\$ 15,574,442</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,092,698
Depreciable	35,087,982
Accumulated Depreciation	<u>(20,537,980)</u>
Total Noncurrent Assets	<u>15,642,700</u>
Total Assets	<u>31,217,142</u>

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

		<u>Governmental Activities</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		\$ 2,731
Current Portion of Long-Term Debt		731,558
Total Current Liabilities		<u>734,289</u>
Noncurrent Liabilities		
General Obligation Bonds Payable		7,120,571
Capital Leases Payable		80,836
Total Noncurrent Liabilities		<u>7,201,407</u>
Total Liabilities		<u>7,935,696</u>
NET POSITION		
Net Investment in Capital Assets		7,709,735
Restricted		
Tort Immunity		116,906
Debt Service		1,470,354
Capital Projects		65,389
Municipal Retirement/Social Security		268,243
Fire Prevention and Safety		802
Unrestricted		<u>13,650,017</u>
Total Net Position		<u>23,281,446</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, 2018**

	Expenses	Program Revenues		(Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues Governmental Activities
Governmental Activities				
Instruction				
Regular Programs	\$ 6,705,844	441,621	147,481	(6,116,742)
Pre-K Programs	90,170	-	-	(90,170)
Special Education Programs	3,687,713	-	1,060,494	(2,627,219)
Other Instructional Programs	289,021	-	11,434	(277,587)
State Retirement Contributions	5,411,170	-	5,411,170	-
Support Services				
Pupils	594,109	-	67,554	(526,555)
Instructional Staff	1,085,343	-	44,353	(1,040,990)
General Administration	689,425	-	-	(689,425)
School Administration	1,038,834	-	-	(1,038,834)
Business	549,223	215,885	91,190	(242,148)
Transportation	749,805	169,833	363,458	(216,514)
Operations and Maintenance	2,003,322	-	90,961	(1,912,361)
Central	423,316	-	-	(423,316)
Other Support Services	6,857	-	-	(6,857)
Community Services	34,709	-	-	(34,709)
Interest and Fees	1,608,843	-	-	(1,608,843)
Total Governmental Activities	24,967,704	827,339	7,288,095	(16,852,270)
General Revenues				
Taxes				
Property Taxes				16,934,857
Personal Property Replacement Taxes				107,144
State Aid-Formula Grants				1,353,159
Investment Income				166,889
Miscellaneous				117,915
				<u>18,679,964</u>
Change in Net Position				1,827,694
Net Position - Beginning				<u>21,453,752</u>
Net Position - Ending				<u><u>23,281,446</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, 2018**

	General	Special Revenue Transportation	Debt Service	Capital Projects	Nonmajor	Totals
ASSETS						
Cash and Investments	\$ 12,315,646	1,454,008	1,470,354	65,389	269,045	15,574,442
LIABILITIES						
Accounts Payable	2,731	-	-	-	-	2,731
FUND BALANCES						
Restricted	116,906	-	1,470,354	65,389	269,045	1,921,694
Committed	2,241,870	-	-	-	-	2,241,870
Assigned	-	1,454,008	-	-	-	1,454,008
Unassigned	9,954,139	-	-	-	-	9,954,139
Total Fund Balances	12,312,915	1,454,008	1,470,354	65,389	269,045	15,571,711
Total Liabilities and Fund Balances	12,315,646	1,454,008	1,470,354	65,389	269,045	15,574,442

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, 2018

Total Governmental Fund Balances \$ 15,571,711

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. 15,642,700

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

General Obligation Bonds Payable	(7,746,106)
Capital Leases Payable	<u>(186,859)</u>

Net Position of Governmental Activities 23,281,446

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, 2018**

	General	Special Revenue Transportation	Debt Service	Capital Projects	Nonmajor	Totals
Revenues						
Local Sources						
Property Taxes	\$ 13,892,468	384,876	2,325,138	-	332,375	16,934,857
Replacement Taxes	58,929	-	-	-	48,215	107,144
Earnings on Investments	132,612	16,287	12,071	2,767	3,152	166,889
Other Revenue from Local Sources	865,170	171,045	-	-	-	1,036,215
State Sources	1,807,591	363,458	-	-	-	2,171,049
Federal Sources	968,074	-	-	-	-	968,074
On-Behalf Payments	5,411,170	-	-	-	-	5,411,170
Total Revenues	23,136,014	935,666	2,337,209	2,767	383,742	26,795,398
Expenditures						
Current						
Instruction						
Regular Programs	6,593,809	-	-	-	112,035	6,705,844
Pre-K Programs	85,842	-	-	-	4,328	90,170
Special Education Programs	2,042,903	-	-	-	95,512	2,138,415
Other Instructional Programs	281,160	-	-	-	7,861	289,021
Support Services						
Pupils	459,899	749,805	-	-	29,805	1,239,509
Instructional Staff	436,546	-	-	-	11,104	447,650
General Administration	654,949	-	-	-	16,697	671,646
School Administration	984,491	-	-	-	54,343	1,038,834
Business	2,540,636	-	-	-	115,142	2,655,778
Central	386,466	-	-	-	32,403	418,869
Other Support Services	6,857	-	-	-	-	6,857
Community Services	34,709	-	-	-	-	34,709
Payments to Other Districts and Govt. Units	1,503,618	45,680	-	-	-	1,549,298
On Behalf Payments	5,411,170	-	-	-	-	5,411,170
Debt Service						
Principal Retirement	142,147	-	663,033	-	-	805,180
Interest and Fiscal Charges	7,289	-	1,601,554	-	-	1,608,843
Total Expenditures	21,572,491	795,485	2,264,587	-	479,230	25,111,793
Net Change in Fund Balances	1,563,523	140,181	72,622	2,767	(95,488)	1,683,605
Fund Balances - Beginning	10,749,392	1,313,827	1,397,732	62,622	364,533	13,888,106
Fund Balances - Ending	12,312,915	1,454,008	1,470,354	65,389	269,045	15,571,711

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 1,683,605
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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	237,906
Depreciation Expense	(898,997)

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>805,180</u>
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Changes in Net Position of Governmental Activities	<u><u>1,827,694</u></u>
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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, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	<u>\$ 13,852</u>
LIABILITIES	
Due to Activity Fund Organizations	<u>13,852</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, 2018

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, 2018

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 Funds.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

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, 2018

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, 2018**

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, 2018**

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, 2018

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, 2018

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, 2018, one supplemental budget appropriations was made.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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 \$9,599,135 and the bank balances totaled \$10,008,532.

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	\$ 1,066,274	1,066,274	-
ISDLAP+	4,909,033	4,909,033	-
	<u>5,975,307</u>	<u>5,975,307</u>	<u>-</u>

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

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, 2018, the bank balance of the District's deposits with financial institutions totaled \$9,599,135; this entire amount 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 AA Af to AA Am 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, 2018

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 2017 levy resolution was approved during the December 20, 2017 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 2016 levy received after June 30, 2017, and the portion of the 2017 levy received on or before June 30, 2018, are reported as income during fiscal year 2018.

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 \$1,420,341 for special education, transportation, and related expenditures during the year ended June 30, 2018.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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
Depreciable Capital Assets				
Land Improvements	692,080	31,832	-	723,912
Buildings	29,374,416	108,792	-	29,483,208
Equipment	4,219,167	97,282	-	4,316,449
Vehicles	564,413	-	-	564,413
	<u>34,850,076</u>	<u>237,906</u>	<u>-</u>	<u>35,087,982</u>
Less Accumulated Depreciation				
Land Improvements	633,095	16,950	-	650,045
Buildings	14,731,402	723,173	-	15,454,575
Equipment	3,932,207	106,444	-	4,038,651
Vehicles	342,279	52,430	-	394,709
	<u>19,638,983</u>	<u>898,997</u>	<u>-</u>	<u>20,537,980</u>
Total Net Depreciable Capital Assets	<u>15,211,093</u>	<u>(661,091)</u>	<u>-</u>	<u>14,550,002</u>
Total Net Capital Assets	<u><u>16,303,791</u></u>	<u><u>(661,091)</u></u>	<u><u>-</u></u>	<u><u>15,642,700</u></u>

Depreciation expense was charged to governmental activities as follows:

Instructional	\$ 637,693
Pupil Support	89,624
Operations and Maintenance	126,325
Transportation	14,781
Administration	17,779
Business	8,348
Central Support	4,447
	<u>898,997</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

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.	\$ 1,549,139	-	553,033	996,106
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.	2,780,000	-	110,000	2,670,000
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>8,409,139</u>	<u>-</u>	<u>663,033</u>	<u>7,746,106</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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
2019	\$ 110,000
2020	82,556
	<u>192,556</u>
Interest Portion	<u>(5,697)</u>
Principal Balance	<u><u>186,859</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	\$ 8,409,139	-	663,033	7,746,106	625,535
Capital Leases	329,006	-	142,147	186,859	106,023
	<u>8,738,145</u>	<u>-</u>	<u>805,180</u>	<u>7,932,965</u>	<u>731,558</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, 2018

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
2019	\$ 625,535	1,622,465
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>7,746,106</u>	<u>5,532,495</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 \$2,060,000 remain outstanding as of the date of this report.

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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 - 2017	<u>\$ 574,488,096</u>
Legal Debt Limit - 6.9% of Assessed Value	39,639,679
Amount of Debt Applicable to Limit	<u>7,932,965</u>
Legal Debt Margin	<u><u>31,706,714</u></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, 2018**

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	\$ 116,906	-	-	-	-	116,906
Debt Service	-	-	1,470,354	-	-	1,470,354
Capital Projects	-	-	-	65,389	-	65,389
Municipal Retirement/Soc. Sec.	-	-	-	-	268,243	268,243
Fire Prevention and Safety	-	-	-	-	802	802
	<u>116,906</u>	<u>-</u>	<u>1,470,354</u>	<u>65,389</u>	<u>269,045</u>	<u>1,921,694</u>
Committed						
Working Cash	2,241,870	-	-	-	-	2,241,870
Assigned						
Transportation	-	1,454,008	-	-	-	1,454,008
Unassigned	9,954,139	-	-	-	-	9,954,139
Total Fund Balances	<u>12,312,915</u>	<u>1,454,008</u>	<u>1,470,354</u>	<u>65,389</u>	<u>269,045</u>	<u>15,571,711</u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 15,642,700
Less Capital Related Debt:	
General Obligation Bonds	(7,746,106)
Capital Leases	<u>(186,859)</u>
Net Investment in Capital Assets	<u><u>7,709,735</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, 2018

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

Teachers' Health Insurance Security Fund

Plan Description

The District participates in the Teachers' Health Insurance Security (THIS) fund. The THIS fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. The THIS fund is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating employers throughout the State of Illinois, excluding the Chicago Public School System. THIS health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to THIS were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the Teachers' Retirement System (TRS).

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.

A 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.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Teachers' Health Insurance Security Fund – Continued

Plan Description – Continued

On-behalf Contributions to the 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 the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$89,993, and the District recognized revenue and expenditures of this amount during the year. State contributions intended to match active member contributions during the years ended June 30, 2017 and 2016 were 1.12 and 1.07 percent of pay, respectively. State contributions on behalf of the District's employees were \$84,012 and \$80,604, respectively.

Employer Contributions to the THIS Fund. The District also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018, and 0.84 and 0.80 percent during the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2018, the District paid \$67,113 to the THIS Fund, which was 100 percent of the required contribution. For the years ended June 30, 2017 and 2016, the District paid \$63,009 and \$60,264 to the THIS Fund, respectively, 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, 2018**

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, 2016, 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 2017. For fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 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, 2016 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, 2018**

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 2.85 percent as of June 30, 2016, and 3.56 percent as of June 30, 2017.

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 (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's Proportionate Share of the OPEB Liability	\$ 9,324,054	7,770,142	6,526,653

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Employer's Proportionate Share of the OPEB Liability	\$ 6,271,250	7,770,142	9,921,395

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

At June 30, 2018, 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, 2017, 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, 2017, the District’s proportion was 0.029943 percent, which was an increase of 0.00054 from its proportion measured as of June 30, 2016 (0.029403 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	\$ 7,770,142
Shate's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>8,461,505</u>
Total	<u><u>16,231,647</u></u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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, 2018, the District recognized OPEB expense of \$89,993 and revenue of \$89,993 for support provided by the State. For the year ending June 30, 2018, the District recognized OPEB expense of \$597,242. At June 30, 2018, 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	\$ -	(4,401)	(4,401)
Net Difference Between Projected and Actual Earnings on Pension Investments	-	(86)	(86)
Changes of Assumptions	-	(925,138)	(925,138)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	128,124	-	128,124
Total Pension Expense to be Recognized in Future Periods	128,124	(929,625)	(801,501)
Employer Contributions Subsequent to the Measurement Date	67,113	-	67,113
Totals	<u>195,237</u>	<u>(929,625)</u>	<u>(734,388)</u>

\$65,046 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, 2019. 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
2019	\$ (123,126)
2020	(123,126)
2021	(123,126)
2022	(123,126)
2023	(123,107)
Thereafter	<u>(185,890)</u>
Total	<u>(801,501)</u>

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

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

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the City of Chicago. TRS members include all active 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 the System's administration. TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling 888.877.0890, 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.

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.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

Contributions

The state of Illinois maintains the primary responsibility for funding TRS. The Illinois Pension Code, as amended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to the System for each fiscal year shall be an amount determined to be sufficient to bring the total assets of the System up to 90 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, 2018, was 9.4 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. The active member contribution rate was also 9.4 percent for the years ended June 30, 2016 and June 30, 2015.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, 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 \$5,411,170 in pension contributions from the State.

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 years ended June 30, 2018, 2017 and 2016 were \$44,234, \$37,658, and \$43,692, respectively. The June 30, 2018 contributions are deferred because they were paid after the June 30, 2017 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 a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates be the same.

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

Contributions – Continued

Federal and Special Trust Fund Contributions – Continued. For the fiscal year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal a special trust funds. For the fiscal years ended June 30, 2017 and 2016, the employer pension contribution was 38.54 and 36.06 percent of salaries paid from those funds, respectively. For the fiscal year ended June 30, 2018, salaries totaling \$26,299 were paid from federal and special trust funds that required employer contributions of \$2,656, which was equal to the District's actual contributions. For the fiscal years ended June 30, 2017 and 2016, required District contributions were \$26,684 and \$18,567, respectively.

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 retiring early under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contributions under the current program is 146.5 percent and applies when them member is age 55 at retirement. For the year ended June 30, 2018, the employer did not make any payments to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increased over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required to members granted sick leave days in excess of the normal annual allotment of those days are used as TRS service credit. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$444 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2018, 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:

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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

Employer's Proportionate Share of the Net Pension Liability	\$ 1,293,504
State's Proportionate Share of the Net Pension Liability Associated with the Employer	<u>54,983,063</u>
Total	<u><u>56,276,567</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer’s proportion was 0.0017 percent, which was an increase of 0.0001 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense on a cash basis of accounting of \$5,411,170 and revenue of \$5,411,170 for support provided by the state. At June 30, 2018, the employer reported deferred outflows of resources and deterred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Differences Between Expected and Actual Experience	\$ 14,049	(597)	13,452
Net Difference Between Projected and Actual Earnings on Pension Investments	887	-	887
Changes of Assumptions	86,332	(37,169)	49,163
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>86,640</u>	<u>(142,464)</u>	<u>(55,824)</u>
Total Pension Expense to be Recognized in Future Periods	187,908	(180,230)	7,678
Employer Contributions Subsequent to the Measurement Date	<u>46,890</u>	<u>-</u>	<u>46,890</u>
Totals	<u><u>234,798</u></u>	<u><u>(180,230)</u></u>	<u><u>54,568</u></u>

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

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

\$46,890 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, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2019	\$ (22,386)
2020	28,021
2021	5,838
2022	(4,379)
2023	584
	<u>7,678</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 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

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers' Retirement System – Continued

Actuarial Assumptions – Continued

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	14.40%	6.94%
U.S. Small/Mid Cap	3.60%	8.09%
International Equities Developed	14.40%	7.46%
Emerging Market Equities	3.60%	10.15%
U.S. Bonds Core	10.70%	2.44%
Internatioanl Debt Developed	5.30%	1.70%
Real Estate	15.00%	5.44%
Commodities (Real Return)	11.00%	4.28%
Hedge Funds (Absolute Return)	8.00%	4.16%
Private Equity	14.00%	10.63%
Total	<u>100.00%</u>	

MOKENA SCHOOL DISTRICT NO. 159

**Notes to the Financial Statements
June 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

RETIREMENT SYSTEMS – Continued

Teachers’ Retirement System – Continued

Discount Rate

The discount rate used to measure the total pension liability was a rate of 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 percent. 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 was projected to be available to make all projected future benefit payments of 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. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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	\$ 1,589,239	1,293,504	1,051,273

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

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, 2018**

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, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	90
Inactive Plan Members Entitled to but not yet Receiving Benefits	104
Active Plan Members	<u>79</u>
Total	<u><u>273</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, 2018, the District’s contribution was 12.93% of covered payroll.

Net Pension Liability. The District’s net pension liability was measured as of December 31, 2017. 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, 2018**

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, 2017:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
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, 2018**

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%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	8.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 2,488,775	883,932	(441,527)

MOKENA SCHOOL DISTRICT NO. 159

Notes to the Financial Statements June 30, 2018

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, 2016	\$ 12,686,369	10,925,674	1,760,695
Changes for the year:			
Service Cost	190,146	-	190,146
Interest on the Total Pension Liability	939,617	-	939,617
Differences Between Expected and Actual Experience of the Total Pension Liability	407,086	-	407,086
Changes of Assumptions	(367,410)	-	(367,410)
Contributions - Employer	-	221,676	(221,676)
Contributions - Employees	-	83,636	(83,636)
Net Investment Income	-	1,852,274	(1,852,274)
Benefit Payments, including Refunds of Employee Contributions	(506,431)	(506,431)	-
Other (Net Transfer)	-	(111,384)	111,384
Net Changes	663,008	1,539,771	(876,763)
Balances at December 31, 2016	13,349,377	12,465,445	883,932

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

For the year ended June 30, 2018, the District recognized pension expense of \$230,898 on a cash basis. At June 30, 2018 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, 2018**

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	\$ 240,561	(181,306)	59,255
Changes of Assumptions	4,178	(240,010)	(235,832)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	352,866	(835,654)	(482,788)
Total Pension Expense to be Recognized in Future Periods	597,605	(1,256,970)	(659,365)
Pension Contributions Made Subsequent to the Measurement Date	120,861	-	120,861
Total Deferred Amounts Related to Pensions	<u>718,466</u>	<u>(1,256,970)</u>	<u>(538,504)</u>

Under GAAP, \$120,861 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, 2019.

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 (Inflows) of Resources
2019	\$ (150,788)
2020	(103,734)
2021	(195,928)
2022	(208,915)
2023	-
Thereafter	-
Total	<u>(659,365)</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
- Budgetary Comparison Schedules – Major Governmental Accounts
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Schedule of Changes in Assets and Liabilities – Agency Fund
- Schedule of Employer Contributions
Teacher's Health Insurance Security Fund
- Schedule of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions
Teacher's Health Insurance Security Fund
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 - by Accounts

**Combining Balance Sheet - Modified Cash Basis
June 30, 2018**

	Educational Account	Operations and Maintenance Account	Working Cash Account	Tort Account	Totals
ASSETS					
Cash and Investments	\$ 7,978,170	1,978,700	2,241,870	116,906	12,315,646
LIABILITIES					
Accounts Payable	2,731	-	-	-	2,731
FUND BALANCES					
Restricted	-	-	-	116,906	116,906
Committed	-	-	2,241,870	-	2,241,870
Unassigned	7,975,439	1,978,700	-	-	9,954,139
Total Fund Balances	7,975,439	1,978,700	2,241,870	116,906	12,312,915
Total Liabilities and Fund Balances	7,978,170	1,978,700	2,241,870	116,906	12,315,646

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, 2018

	Educational Account	Operations and Maintenance Account	Working Cash Account	Tort Account	Totals
Revenues					
Local Sources					
Property Taxes	\$ 12,421,604	1,254,440	70,564	145,860	13,892,468
Replacement Taxes	58,929	-	-	-	58,929
Earnings on Investments	77,959	25,992	27,860	801	132,612
Other Revenue from Local Sources	774,209	90,961	-	-	865,170
State Sources	1,212,591	595,000	-	-	1,807,591
Federal Sources	968,074	-	-	-	968,074
On-Behalf Payments - State of Illinois	5,411,170	-	-	-	5,411,170
Total Revenues	20,924,536	1,966,393	98,424	146,661	23,136,014
Expenditures					
Current					
Instruction					
Regular Programs	6,593,809	-	-	-	6,593,809
Pre-K Programs	85,842	-	-	-	85,842
Special Education Programs	2,042,903	-	-	-	2,042,903
Other Instructional Programs	281,160	-	-	-	281,160
Support Services					
Pupils	459,899	-	-	-	459,899
Instructional Staff	436,546	-	-	-	436,546
General Administration	501,321	-	-	153,628	654,949
School Administration	984,491	-	-	-	984,491
Business	537,314	2,003,322	-	-	2,540,636
Central	386,466	-	-	-	386,466
Other Support Services	6,857	-	-	-	6,857
Community Services	34,709	-	-	-	34,709
Payments to Other Districts and					
Government Units	1,450,666	52,952	-	-	1,503,618
On-Behalf Payments - State of Illinois	5,411,170	-	-	-	5,411,170
Debt Service					
Principal Retirement	142,147	-	-	-	142,147
Interest and Fiscal Charges	7,289	-	-	-	7,289
Total Expenditures	19,362,589	2,056,274	-	153,628	21,572,491
Net Change in Fund Balances	1,561,947	(89,881)	98,424	(6,967)	1,563,523
Fund Balances - Beginning	6,413,492	2,068,581	2,143,446	123,873	10,749,392
Fund Balances - Ending	7,975,439	1,978,700	2,241,870	116,906	12,312,915

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 11,475,008	11,637,249	11,941,450	304,201
Special Education Levy	461,193	467,714	480,154	12,440
Payments in Lieu of Taxes				
Corporate Purpose Property				
Replacement Taxes	55,000	55,000	58,929	3,929
Earnings on Investments	26,000	50,000	77,959	27,959
Food Service	201,000	197,000	215,885	18,885
District/School Activity Income	78,300	96,300	94,620	(1,680)
Textbooks	335,000	340,000	347,001	7,001
Other Revenue from Local Sources	166,900	194,150	116,703	(77,447)
Total Local Sources	12,798,401	13,037,413	13,332,701	295,288
State Sources				
General State Aid	720,830	753,217	758,159	4,942
Special Education				
Private Facility Tuition	161,048	120,050	155,525	35,475
Children Req. Spec. Ed. Svcs.	-	96,000	95,804	(196)
Personnel	-	200,000	192,546	(7,454)
Orphanage - Individual	9,151	12,908	(3,736)	(16,644)
Summer School	-	-	1,908	1,908
Career and Technical Education (CTE)				
Special Program Improvement	1,264	1,264	1,328	64
Bilingual Ed - Downstate - TPI and TBE	4,000	12,000	7,993	(4,007)
State Fee Lunch and Breakfast	483	483	951	468
Learning Improvement - Change Grants	1,210	1,210	2,113	903
Total State Sources	897,986	1,197,132	1,212,591	15,459
Federal Sources				
Food Service - National Lunch Program	75,000	79,000	90,239	11,239
Title I - Low Income	110,000	147,481	147,481	-
Federal - Special Education				
Preschool Discretionary	20,878	45,000	44,130	(870)

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - Continued				
Federal Sources - Continued				
Federal - Special Education				
IDEA Flow-Through	\$ 539,306	566,863	574,317	7,454
Title II - Teacher Quality	49,052	49,052	44,353	(4,699)
Medicaid Administrative Outreach	25,000	47,000	47,311	311
Medicaid Fee for Service	150,000	150,000	19,050	(130,950)
Title IV - Student Support	-	1,200	1,193	(7)
Total Federal Sources	969,236	1,085,596	968,074	(117,522)
Total Direct Revenues	14,665,623	15,320,141	15,513,366	193,225
On-Behalf Payments	-	-	5,411,170	5,411,170
Total Revenues	14,665,623	15,320,141	20,924,536	5,604,395
Expenditures				
Instruction				
Regular Programs				
Salaries	5,605,451	5,319,681	5,315,267	4,414
Employee Benefits	850,371	873,149	865,478	7,671
Purchased Services	13,000	18,500	16,085	2,415
Supplies and Materials	461,026	451,083	394,668	56,415
Other	1,000	1,000	394	606
Capital Outly	20,000	100	-	100
Non-Capitalized Equipment	7,500	7,500	1,917	5,583
Total Regular Programs	6,958,348	6,671,013	6,593,809	77,204
Pre-K Programs				
Salaries	65,960	65,960	66,535	(575)
Employee Benefits	17,049	17,049	18,307	(1,258)
Supplies and Materials	1,000	1,000	1,000	-
Total Pre-K Programs	84,009	84,009	85,842	(1,833)

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Special Education Programs				
Salaries	\$ 1,465,910	1,472,266	1,452,288	19,978
Employee Benefits	235,205	299,048	301,783	(2,735)
Purchased Services	311,000	311,000	269,285	41,715
Supplies and Materials	40,000	17,500	15,602	1,898
Other	4,000	4,000	1,754	2,246
Capital Outlay	10,000	100	-	100
Non-Capitalized Equipment	20,000	2,500	2,191	309
Total Special Education Programs	<u>2,086,115</u>	<u>2,106,414</u>	<u>2,042,903</u>	<u>63,511</u>
Remedial and Supplemental Programs K-12				
Salaries	104,387	149,009	145,593	3,416
Employee Benefits	10,821	10,836	10,577	259
Supplies and Materials	7,000	2,500	2,142	358
Total Remedial and Supplemental Programs K-12	<u>122,208</u>	<u>162,345</u>	<u>158,312</u>	<u>4,033</u>
CTE Programs				
Supplies and Materials	1,264	1,264	-	1,264
Interscholastic Programs				
Purchased Services	10,500	12,000	10,084	1,916
Supplies and Materials	26,750	26,750	25,669	1,081
Other	3,500	4,200	4,204	(4)
Total Interscholastic Programs	<u>40,750</u>	<u>42,950</u>	<u>39,957</u>	<u>2,993</u>
Bilingual Programs				
Salaries	65,736	63,369	64,450	(1,081)
Employee Benefits	764	764	752	12

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Instruction - Continued				
Bilingual Programs - Continued				
Purchased Services	\$ 250	250	33	217
Supplies and Materials	6,500	20,588	17,656	2,932
Total Bilingual Program	<u>73,250</u>	<u>84,971</u>	<u>82,891</u>	<u>2,080</u>
Total Instruction	<u>9,365,944</u>	<u>9,152,966</u>	<u>9,003,714</u>	<u>149,252</u>
Support Services				
Pupils				
Attendance and Social Work Services				
Salaries	198,327	198,327	196,414	1,913
Employee Benefits	43,908	43,908	45,089	(1,181)
Total Attendance and Social Work	<u>242,235</u>	<u>242,235</u>	<u>241,503</u>	<u>732</u>
Health Services				
Salaries	113,878	113,878	127,512	(13,634)
Employee Benefits	19,850	19,850	19,470	380
Supplies and Materials	5,500	5,500	4,568	932
Total Health Services	<u>139,228</u>	<u>139,228</u>	<u>151,550</u>	<u>(12,322)</u>
Psychological Services				
Salaries	50,079	56,800	57,471	(671)
Employee Benefits	10,750	11,500	9,383	2,117
Total Psychological Services	<u>60,829</u>	<u>68,300</u>	<u>66,854</u>	<u>1,446</u>
Intervention Services				
Salaries	51,810	51,810	-	51,810
Employee Benefits	274	274	(8)	282
Total Intervention Services	<u>52,084</u>	<u>52,084</u>	<u>(8)</u>	<u>52,092</u>
Total Pupils	<u>494,376</u>	<u>501,847</u>	<u>459,899</u>	<u>41,948</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Instructional Staff				
Improvement of Instructional Services				
Salaries	\$ 262,867	265,706	262,544	3,162
Employee Benefits	42,896	42,896	42,410	486
Purchased Services	100,500	145,234	90,278	54,956
Supplies and Materials	14,000	34,000	27,873	6,127
Total Improvement				
Instructional Service	420,263	487,836	423,105	64,731
Educational Media Services				
Supplies and Materials	11,550	11,550	8,440	3,110
Instructional Staff - Continued				
Assessment and Testing				
Supplies and Materials	7,500	7,500	5,001	2,499
Total Instructional Staff	439,313	506,886	436,546	70,340
General Administration				
Board of Education Services				
Salaries	2,000	2,200	1,939	261
Purchased Services	116,000	114,100	111,609	2,491
Supplies and Materials	22,500	22,500	19,209	3,291
Other	10,000	14,500	15,340	(840)
Total Board of				
Education Services	150,500	153,300	148,097	5,203
Executive Administration Services				
Salaries	269,851	269,851	268,977	874
Employee Benefits	71,900	71,900	72,038	(138)
Purchased Services	9,000	9,500	7,248	2,252

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Instructional Staff - Continued				
Executive Administration Services - Continued				
Supplies and Materials	\$ 7,750	7,750	4,001	3,749
Non-Capitalized Equipment	1,000	1,000	960	40
Total Executive Administration Services	<u>359,501</u>	<u>360,001</u>	<u>353,224</u>	<u>6,777</u>
Total General Administration	<u>510,001</u>	<u>513,301</u>	<u>501,321</u>	<u>11,980</u>
School Administration				
Office of the Principal Services				
Salaries	682,080	675,080	693,990	(18,910)
Employee Benefits	244,848	252,330	261,002	(8,672)
Purchased Services	20,350	15,850	10,869	4,981
Supplies and Materials	4,750	4,750	4,384	366
Other	1,925	1,925	1,260	665
Non-Capitalized Equipment	15,300	15,150	12,986	2,164
Total School Administration	<u>969,253</u>	<u>965,085</u>	<u>984,491</u>	<u>(19,406)</u>
Business				
Direction of Business Support Services				
Salaries	51,703	53,167	53,684	(517)
Employee Benefits	15,111	17,777	17,963	(186)
Purchased Services	5,500	8,700	7,012	1,688
Supplies and Materials	1,500	1,500	897	603
Total Direction of Business Support Services	<u>73,814</u>	<u>81,144</u>	<u>79,556</u>	<u>1,588</u>
Fiscal Services				
Salaries	82,683	82,683	88,902	(6,219)
Employee Benefits	19,770	19,770	19,453	317

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Business - Continued				
Fiscal Services - Continued				
Purchased Services	\$ 20,000	25,000	22,840	2,160
Supplies and Materials	1,000	1,000	499	501
Total Fiscal Services	<u>123,453</u>	<u>128,453</u>	<u>131,694</u>	<u>(3,241)</u>
Operation and Maintenance of Plant Services				
Purchased Services	30,000	30,000	29,481	519
Supplies and Materials	500	500	-	500
Total Operation and Maintenance of Plant Services	<u>30,500</u>	<u>30,500</u>	<u>29,481</u>	<u>1,019</u>
Food Services				
Salaries	184,939	184,939	164,747	20,192
Employee Benefits	17,938	17,938	17,302	636
Purchased Services	5,600	5,600	3,406	2,194
Supplies and Materials	117,400	119,200	110,436	8,764
Other	1,000	1,000	692	308
Total Food Services	<u>326,877</u>	<u>328,677</u>	<u>296,583</u>	<u>32,094</u>
Total Business	<u>554,644</u>	<u>568,774</u>	<u>537,314</u>	<u>31,460</u>
Central				
Information Services				
Salaries	-	15,000	3,375	11,625
Purchased Services	45,000	45,000	44,353	647
Total Information Services	<u>45,000</u>	<u>60,000</u>	<u>47,728</u>	<u>12,272</u>
Staff Services				
Purchased Services	1,000	1,000	847	153

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
Support Services - Continued				
Business - Continued				
Data Processing Services				
Salaries	\$ 147,025	147,025	156,617	(9,592)
Employee Benefits	46,165	47,462	48,408	(946)
Purchased Services	233,500	233,500	70,492	163,008
Supplies and Materials	50,000	50,000	41,958	8,042
Non-Capitalized Equipment	25,000	25,000	20,416	4,584
Total Data Processing	<u>501,690</u>	<u>502,987</u>	<u>337,891</u>	<u>165,096</u>
Total Central	<u>547,690</u>	<u>563,987</u>	<u>386,466</u>	<u>177,521</u>
Other Support Services				
Yearbooks	1,600	1,600	6,857	(5,257)
Total Support Services	<u>3,516,877</u>	<u>3,621,480</u>	<u>3,312,894</u>	<u>308,586</u>
Community Services				
Salaries	26,021	26,289	26,289	-
Employee Benefits	2,923	2,655	2,655	-
Purchased Services	2,500	2,500	900	1,600
Supplies and Materials	-	2,193	4,865	(2,672)
Total Community Services	<u>31,444</u>	<u>33,637</u>	<u>34,709</u>	<u>(1,072)</u>
Payments to Other Districts and Governmental Units				
Payments for Special Education Programs				
Purchased Services	1,189,787	1,373,110	1,064,188	308,922
Other	306,300	323,000	386,478	(63,478)
Total Payments to Other Districts and Governmental Units	<u>1,496,087</u>	<u>1,696,110</u>	<u>1,450,666</u>	<u>245,444</u>
Total Direct Expenditures	<u>14,410,352</u>	<u>14,504,193</u>	<u>13,801,983</u>	<u>702,210</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures - Continued				
On Behalf Payments	\$ -	-	5,411,170	(5,411,170)
Debt Service				
Principal Retirement	-	-	142,147	(142,147)
Interest and Fiscal Charges	-	-	7,289	(7,289)
Total Debt Service	-	-	149,436	(149,436)
Total Expenditures	14,410,352	14,504,193	19,362,589	(4,858,396)
Net Change in Fund Balance	<u>255,271</u>	<u>815,948</u>	1,561,947	<u>745,999</u>
Fund Balance - Beginning			<u>6,413,492</u>	
Fund Balance - Ending			<u>7,975,439</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 1,205,302	1,222,343	1,254,440	32,097
Earnings on Investments	6,000	25,000	25,992	992
Other Revenue from Local Sources	95,500	82,500	90,961	8,461
Total Local Sources	<u>1,306,802</u>	<u>1,329,843</u>	<u>1,371,393</u>	<u>41,550</u>
State Sources				
General State Aid	595,500	595,500	595,000	(500)
Total Revenues	<u>1,902,302</u>	<u>1,925,343</u>	<u>1,966,393</u>	<u>41,050</u>
Expenditures				
Support Services				
Business				
Operation and Maintenance of Plant Services				
Salaries	60,299	68,939	66,108	2,831
Employee Benefits	21,908	21,908	20,886	1,022
Purchased Services	1,105,988	1,165,988	1,131,425	34,563
Supplies and Materials	478,350	538,850	520,705	18,145
Capital Outlay	170,000	322,000	258,468	63,532
Noncapitalized Equipment	12,000	12,000	5,730	6,270
Total Operation and Maintenance of Plant Services	<u>1,848,545</u>	<u>2,129,685</u>	<u>2,003,322</u>	<u>126,363</u>
Payments to Other Districts and Governmental Units				
Payments for Special Education Programs				
Purchased Services	67,338	67,338	52,952	14,386
Total Expenditures	<u>1,915,883</u>	<u>2,197,023</u>	<u>2,056,274</u>	<u>140,749</u>
Net Change in Fund Balance	<u>(13,581)</u>	<u>(271,680)</u>	(89,881)	<u>181,799</u>
Fund Balance - Beginning			<u>2,068,581</u>	
Fund Balance - Ending			<u>1,978,700</u>	

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Local Sources				
Taxes				
General Levy	\$ 67,546	68,500	70,564	2,064
Earnings on Investments	6,500	26,000	27,860	1,860
Total Revenues	<u>74,046</u>	<u>94,500</u>	<u>98,424</u>	<u>3,924</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>74,046</u>	<u>94,500</u>	98,424	<u>3,924</u>
Fund Balance - Beginning			<u>2,143,446</u>	
Fund Balance - Ending			<u>2,241,870</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 133,430	135,320	145,860	10,540
Earnings on Investments	150	1,000	801	(199)
Total Revenues	<u>133,580</u>	<u>136,320</u>	<u>146,661</u>	<u>10,341</u>
Expenditures				
Support Services				
General Administration				
Workers' Compensation Payments				
Purchased Services	75,000	75,000	75,627	(627)
Legal Services				
Purchased Services	20,000	100	-	100
Insurance Payments				
Purchased Services	80,000	78,001	78,001	-
Total Expenditures	<u>175,000</u>	<u>153,101</u>	<u>153,628</u>	<u>(527)</u>
Net Change in Fund Balance	<u>(41,420)</u>	<u>(16,781)</u>	(6,967)	<u>9,814</u>
Fund Balance - Beginning			<u>123,873</u>	
Fund Balance - Ending			<u>116,906</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 323,333	327,905	384,876	56,971
Transportation Fees	202,500	169,350	169,833	483
Earnings on Investments	6,500	15,000	16,287	1,287
Other Revenue from Local Sources	-	-	1,212	1,212
Total Local Sources	<u>532,333</u>	<u>512,255</u>	<u>572,208</u>	<u>59,953</u>
State Sources				
Transportation - Regular and Vocational	10,865	14,000	17,052	3,052
Transportation - Special Education	309,954	309,954	346,406	36,452
Total State Sources	<u>320,819</u>	<u>323,954</u>	<u>363,458</u>	<u>39,504</u>
Total Revenues	<u>853,152</u>	<u>836,209</u>	<u>935,666</u>	<u>99,457</u>
Expenditures				
Support Services				
Pupil Transport Services				
Salaries	288,505	325,299	331,286	(5,987)
Employee Benefits	24,429	24,429	20,908	3,521
Purchased Services	462,995	464,595	354,808	109,787
Supplies and Materials	57,000	53,000	42,803	10,197
Other	2,500	2,500	-	2,500
Total Support Services	<u>835,429</u>	<u>869,823</u>	<u>749,805</u>	<u>120,018</u>
Payments to Other Districts and Governmental Units				
Payments for Special Education Programs				
Purchased Services	45,946	45,946	45,680	266
Total Expenditures	<u>881,375</u>	<u>915,769</u>	<u>795,485</u>	<u>120,284</u>
Net Change in Fund Balance	<u>(28,223)</u>	<u>(79,560)</u>	140,181	<u>219,741</u>
Fund Balance - Beginning			<u>1,313,827</u>	
Fund Balance - Ending			<u>1,454,008</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Local Sources				
Taxes				
General Levy	\$ 2,250,599	2,282,420	2,325,138	42,718
Earnings on Investments	3,000	8,800	12,071	3,271
Total Revenues	<u>2,253,599</u>	<u>2,291,220</u>	<u>2,337,209</u>	<u>45,989</u>
Expenditures				
Debt Service				
Principal Retirement	663,033	663,033	663,033	-
Interest and Fiscal Charges	1,601,554	1,601,554	1,601,554	-
Total Expenditures	<u>2,264,587</u>	<u>2,264,587</u>	<u>2,264,587</u>	<u>-</u>
Net Change in Fund Balance	<u>(10,988)</u>	<u>26,633</u>	72,622	<u>45,989</u>
Fund Balance - Beginning			<u>1,397,732</u>	
Fund Balance - Ending			<u>1,470,354</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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Local Sources				
Earnings on Investments	\$ 2,600	2,600	2,767	167
Expenditures				
Support Services				
Business				
Capital Outlay	-	-	-	-
Net Change in Fund Balance	<u>2,600</u>	<u>2,600</u>	2,767	<u>167</u>
Fund Balance - Beginning			<u>62,622</u>	
Fund Balance - Ending			<u>65,389</u>	

MOKENA SCHOOL DISTRICT NO. 159

Nonmajor Governmental Funds

Combining Balance Sheet - Modified Cash Basis

June 30, 2018

	<u>Special Revenue Municipal Retirement/ Social Security</u>	<u>Capital Projects Fire Prevention and Safety</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 268,243	802	269,045
FUND BALANCES			
Restricted	268,243	802	269,045

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, 2018**

	Special Revenue <u>Municipal</u> Retirement/ Social Security	Capital Projects <u>Fire</u> Prevention and Safety	Totals
Revenues			
Local Sources			
Property Taxes	\$ 332,375	-	332,375
Replacement Taxes	48,215	-	48,215
Earnings on Investments	3,152	-	3,152
Total Revenues	<u>383,742</u>	-	<u>383,742</u>
Expenditures			
Current			
Instruction			
Regular Programs	112,035	-	112,035
Pre-K Programs	4,328	-	4,328
Special Education Programs	95,512	-	95,512
Other Instructional Programs	7,861	-	7,861
Support Services			
Pupils	29,805	-	29,805
Instructional Staff	11,104	-	11,104
General Administration	16,697	-	16,697
School Administration	54,343	-	54,343
Business	115,142	-	115,142
Central	32,403	-	32,403
Total Expenditures	<u>479,230</u>	-	<u>479,230</u>
Net Change in Fund Balances	(95,488)	-	(95,488)
Fund Balances - Beginning	<u>363,731</u>	802	<u>364,533</u>
Fund Balances - Ending	<u>268,243</u>	802	<u>269,045</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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local Sources				
Taxes				
General Levy	\$ 244,768	244,768	332,375	87,607
Payments in Lieu of Taxes				
Corporate Purpose Property				
Replacement Taxes	45,000	45,000	48,215	3,215
Earnings on Investments	2,200	2,200	3,152	952
Total Revenues	291,968	291,968	383,742	91,774
Expenditures				
Instruction				
Regular Programs	116,571	116,571	112,035	4,536
Pre-K Programs	4,075	4,075	4,328	(253)
Special Education Programs	89,525	89,525	95,512	(5,987)
Other Instructional Programs	8,486	8,486	7,861	625
Total Instruction	218,657	218,657	219,736	(1,079)
Support Services				
Pupils	26,463	26,463	29,805	(3,342)
Instructional Staff	10,818	10,818	11,104	(286)
General Administration	16,302	16,302	16,697	(395)
School Administration	52,858	52,858	54,343	(1,485)
Business	139,339	139,339	115,142	24,197
Central	31,721	31,721	32,403	(682)
Total Support Services	277,501	277,501	259,494	18,007
Total Expenditures	496,158	496,158	479,230	16,928
Net Change in Fund Balance	<u>(204,190)</u>	<u>(204,190)</u>	(95,488)	<u>108,702</u>
Fund Balance - Beginning			<u>363,731</u>	
Fund Balance - Ending			<u>268,243</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, 2018**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 12,077	70,402	68,627	13,852
LIABILITIES				
Due to Activity Fund Organizations				
MES - Student Council	747	2,875	2,301	1,321
MES - Girls on the Run	(205)	-	-	(205)
MES - School Store	80	911	642	349
MIS - Student Council	342	758	642	458
MIS - Funds for Conv Account	524	-	-	524
MJHS - Student Council	537	1,926	2,014	449
NJHS - Student Council	630	314	734	210
MJHS - Friends of Rachel	106	-	-	106
MES - Assemblies/Field Trips	1,423	10,902	10,866	1,459
MES - Jumprope for Heart	-	2,833	2,833	-
MES - Grant - PTA	535	-	540	(5)
MES - K Mothers Day Plates	(20)	1,120	1,120	(20)
MES - Recorders	152	971	985	138
MES - Principals Account IPA Breakfast	(315)	-	-	(315)
MES - Spirit Wear - Students	118	1,335	1,374	79
MES - Spirit Wear - Staff	(120)	-	-	(120)
MES - Yearbooks	174	312	312	174
MES - Miscellaneous (Damaged Books)	264	1,577	1,723	118
MES - Pop and Water	95	652	630	117
MIS - Assemblies/Field Trips	38	-	-	38
MIS - Class Year Fund-4th	35	5,624	5,383	276
MIS - Class Year Fund-5th	334	5,446	4,847	933
MIS - Rocket Runners	-	196	192	4
MIS - Pop and Water	699	858	1,342	215
MIS - JK Vending Commission	18	-	-	18
MIS - Spirit Wear - Students	55	-	-	55
MIS - Yearbooks	592	661	632	621
MIS - Miscellaneous	(169)	671	647	(145)
MJHS - Assemblies/Field Trips	(250)	14,495	13,745	500

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, 2018**

	Beginning			Ending
	Balances	Additions	Deductions	Balances
LIABILITIES - Continued				
Due to Activity Fund Organizations - Continued				
MJHS - Book Fair	\$ 416	3,487	3,456	447
MJHS - Charity/Fundraising	1,000	-	-	1,000
MJHS - Graduation Gowns	(115)	-	-	(115)
MJHS - Graduation Party	(900)	-	-	(900)
MJHS - Graduation-General	(982)	-	-	(982)
MJHS - Great America	66	6,070	5,868	268
MJHS - Pop and Water	144	169	-	313
MJHS - Referee and Gate	2,783	-	-	2,783
MJHS - Yearbooks	291	5,669	5,738	222
MJHS - Miscellaneous	2,955	570	61	3,464
Total Liabilities	12,077	70,402	68,627	13,852

MOKENA SCHOOL DISTRICT NO. 159

Teacher's Health Insurance Security Fund

Schedule of Employer Contributions

June 30, 2018

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	\$ 299,696	\$ 287,334	\$ (12,362)	\$ 2,296,519	12.51%

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, 2018

Notes to the Schedule of Employer Contributions

Valuation Date June 30, 2016
Measurement Date June 30, 2017
Sponsor's Fiscal Year End June 30, 2018

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, 2017, contribution rates are 1.12% of pay for active members, 0.84% of pay for employers, and 1.12% 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 2017. For fiscal years on and after 2018, trends start at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare cost on and after 2020 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, 2018**

	<u>6/30/18</u>
Employer's Proportion of the Net OPEB Liability	0.0029943%
Employer's Proportionate Share of the Net OPEB Liability	\$ 7,770,142
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	<u>8,461,505</u>
Total	<u><u>16,231,647</u></u>
Employer's Covered Payroll	\$ 7,626,520
Employer's Proportionate Share of the Net OPEB Liability as a % of its Covered Payroll	101.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.17%

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, 2018**

	6/30/16	6/30/17	6/30/18
Employer's Proportion of the Net Pension Liability	0.0018%	0.0016%	0.1700%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,202,921	1,268,878	1,293,504
State's Proportionate Share of the Net Pension Liability Associated with the Employer	46,832,184	59,785,387	54,983,063
Total	48,035,105	61,054,265	56,276,567
Employer's Covered Payroll	\$ 7,533,046	7,501,073	7,626,520
Employer's Proportionate Share of the Net Pension Liability as a % of its Covered-Employee Payroll	13.66%	16.92%	16.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.50%	36.40%	39.30%
Contractually-Required Contribution	\$ 62,259	64,342	46,890
Contributions in Relation to the Contractually Required Contribution	\$ 62,259	64,342	46,401
Contribution Deficiency (Excess)	\$ -	-	(489)
Employer's Covered Payroll	\$ 7,533,046	7,501,073	7,626,520
Contributions as a % of Covered Payroll	0.83%	0.86%	0.61%

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

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

June 30, 2018

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee 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%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 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, 2018**

See Following Page

MOKENA SCHOOL DISTRICT NO. 159

Illinois Municipal Retirement Fund

**Schedule of Changes in the Employer's Net Pension Liability
June 30, 2018**

	<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
271,271	281,049	190,146
865,883	920,113	939,617
(8,969)	(437,044)	407,086
31,298	(55,557)	(367,410)
(381,523)	(431,254)	(506,431)
777,960	277,307	663,008
11,631,102	12,409,062	12,686,369
12,409,062	12,686,369	13,349,377
302,481	271,600	221,676
113,094	96,205	83,636
51,619	701,477	1,852,274
(381,523)	(431,254)	(506,431)
(179,457)	74,672	(111,384)
(93,786)	712,700	1,539,771
10,306,760	10,212,974	10,925,674
10,212,974	10,925,674	12,465,445
2,196,088	1,760,695	883,932
82.30%	86.12%	93.38%
2,435,433	2,136,897	1,792,046
90.17%	82.39%	49.33%



MOKENA PUBLIC SCHOOLS DISTRICT 159

11244 Willowcrest Lane • Mokena, IL 60448-1334 • (708) 342-4900 • www.mokena159.org

Memo

To: Board of Education and Superintendent Dr. White

From: Dr. Teri Shaw, CSBO

Date: October 1, 2018

Re: Levy 2018

The timeline for processing the Levy for 2018 is as follows:

- October 17, 2018 Board meeting information item
- November 10, 2018 Finance Committee Review of Details of Levy 2018
- November 14, 2018 Board approval of Tentative Levy 2018
- December 10, 2018 Publish Truth in Taxation Notice
- December 10, 2018 Finance Committee Review of Tentative Levy
- December 19, 2018 Truth in Taxation Hearing
 - Board approval of Levy 2018
- December 20, 2018 Submit Levy Request to County Clerk

2018 Levy generates fund for the 2019-2020 school year.

TAX LEVY: FREQUENTLY ASKED QUESTIONS

The following responses to frequently asked questions regarding the levy process are provided to assist in understanding how the levy process works and its importance.

What is a Levy?

The amount of money a school district requests from property tax.

What is EAV?

EAV refers to the Equalized Assess Value of properties as determined by the local county assessors and used for determining and allocating the extended property taxes.

What is CPI?

The consumer Price Index

(CPI) is an index published by the federal government as a measure, per school code, of annual inflationary impact on a district. The CPI factor used for computing the amount of property taxes and related revenue for the district is the rate fixed at the beginning of the tax year, not the end of the tax year. Due to "Tax Cap" legislation, the CPI percentage cannot exceed 5 percent in any given year.

What is New Property?

New Property is property within the district boundaries that has been newly developed and initially assessed during the tax year.

What is an Extension?

The total extension is the product of the district's EAV multiplied by a calculated tax rate and is equal to the total property tax billings on the district's behalf. The County Clerk calculates the tax rate needed to raise the revenue (Levy) certified by each school district in the County.

What is The Truth In Taxation Act?

Legislation that provides procedures for public Notice and Public Hearing on Tax Increase requests greater than 105% of the prior year's extension.

What is The Property Tax Extension Limitation Law?

The Property Tax Extension Limitation Law commonly referred to as "TAX CAP", limits the increase in property tax extension to 5% or the Consumer Price Index (CPI), whichever is less, not counting new construction or Bond & Interest Obligations.

Why is the District proposing a levy which is higher than the limits of the Property Tax Extension Limitation Law?

Under the Property Tax Extension Limitation Law, for districts under levy, it is impossible to recapture lost revenues. As of the time when the Levy is required to be submitted, three very important facts are unknown to the School District:

1. The tax rate determined by the county assessor
2. The New Construction in the district (EAV)
3. Total EAV within the district boundaries

Do most districts levy for more than expected in their initial request?

Yes. In Will County and the Greater Chicago Suburban area for the same reason stated above. Will County districts do not know the “New Rate”, “New Construction EAV”, or “Total EAV” at the time they must approve the levy.

Will my taxes go up by the same percentage that the levy increases?

No; without consideration of exemptions, change in EAV, property tax for existing taxpayers would increase by the CPI for the year. However, based on your EAV for the year in relation to total EAV of the community, you may receive an additional tax increase or decrease depending on how your EAV percentage relationship to the total EAV changed between years.

Here is an example of a home in the district:

Value of:..... \$300,000

EAV value of:..... \$100,000

2016 Tax Rate for Mokena 159 = 2.5122 (which calculates to tax amount of \$2,512)

2017 Tax Rate for Mokena 159 = 2.4545 (calculates to a tax amount of \$2,455 a decrease of \$73)

These amounts are collected in June and September.

Why doesn't the School District lower its Levy?

The District’s mission is to provide a level of education that parents and the community expect. A significant cost of delivering quality education relates to salaries and benefits; typically over 60% of the annual operating costs of the District. These costs are generally determined by long term bargained unit or specific employee agreements. Once the bargaining process is completed, the costs become current and future financial commitments not subject to adjustment. Changes can only be made at the time of bargaining and before agreements are signed. The federal and state governments also mandate several operational costs for public schools that they do not fund; these also represent fixed financial commitments.

The ability to agree to and meet these commitments is in large measure based on having future property tax revenues available to pay for them. If property tax revenues which typically represent well over 80% of the District revenues are not available, the financial commitments would not be met. Accordingly, the District services to obtain the property tax revenues that are statutorily available. Within this context, if the District did not seek its available levy increases:

- The District would be penalized under the Tax Cap for future years.
- Any reduction in the request for tax amounts statutorily permitted represent lost annual revenue forever.
- The Levy provides funding for the District’s primary mission to provide quality education and meet related operational needs and commitments, primarily labor contracts.
- The current economic condition is adjusted through the CPI factor used for the following tax year.

Why is the anticipated Levy for this year higher than normal and beyond the CPI?

Higher CPI and new construction growth (adding to the EAV) determine the Levy request. If the new EAV number is not captured when it is first logged in the Will County assessor's books, it cannot be accessed in future years. Unlike "home rule" municipalities, a district cannot forfeit or hold its rate or negative one year and retrieve the relinquished dollars the next. A school can only build off of the previous tax year EAV and dollar number. This is the law under the "TAX CAP".

Why doesn't Mokena School District 159 use its fund balance?

Although it may seem as Mokena School District 159 has some fund balance in its major funds, the funds are needed for cash flow purposes during the duration of the school year. The fund balance enables the District to help ensure that it can maintain its current level of programming that the students and community expect. In addition, a fund balance reserve enables the District to handle an emergency, such as installing a new boiler in the middle of winter or temporarily closing school because of unanticipated but necessary infrastructure repairs or other operational reasons. The reserve can also be used to fund significant capital and maintenance needs facing the District. A fund balance postpones the need to ask the community for an increase via referendum or issue short-term debt tax warrant to fulfill payment obligations.

In the last several years, the District has used a portion of its fund balance reserves to address the above financial needs, including meeting the costs of contractual commitments.

How can a Bond Fund Levy request decline between years?

Annual levies to pay debt service on bonds are established at the time the bonds are approved by the voters. They may vary between years based on predetermined payment schedules and are reduced as bonds are paid off.



MOKENA PUBLIC SCHOOLS DISTRICT 159

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Memo

To: Finance Committee
From: Dr. Teri Shaw, CSBO
Date: October 16, 2017
Re: Meeting Dates and time

Proposed dates for future meetings:

I would like to suggest meeting the **first** Wednesday of the month, keeping in line with our regular scheduled Board Education meeting scheduled for the third Wednesday of the month. I also would like to suggest meeting at 6:00pm in the District Boardroom located at Mokena Elementary School.

If we are agreement, the next meeting would be Wednesday November 1, 2017 at 6:00pm.

Future topics to include: Operations & Maintenance, Transportation, Capital Improvements plans and Bonding Capacity, Special Education and Food Service.