

**PRELIMINARY OFFICIAL STATEMENT, DATED SEPTEMBER 17, 2024**

**NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED**

**RATING:  
MOODY'S: "AA2"  
SEE "BOND RATING" HEREIN**

*Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.*

**SCHOOL DISTRICT NUMBER 70**

**Cook County, Illinois**

**(Morton Grove)**

**\$6,105,000\* General Obligation Limited Tax Bonds, Series 2024**

**Dated: Date of Delivery**

**Due: December 1, as further described on the inside cover page**

The General Obligation Limited Tax Bonds, Series 2024 (the "*Bonds*"), of School District Number 70, Cook County, Illinois (the "*District*"), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, commencing June 1, 2025.

Proceeds of the Bonds will be used to (a) increase the working cash fund of the District and (b) pay costs associated with the issuance of the Bonds. See "THE PROJECT" herein.

The Bonds due on or after December 1, 2034,\* are subject to redemption prior to maturity at the option of the District, as a whole or in part, on any date on or after December 1, 2033,\* at the redemption price of par plus accrued interest to the redemption date. See "THE BONDS—Redemption" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See "THE BONDS—Security" herein.

*The Bonds are offered when, as and if issued by the District and received by Raymond James & Associates, Inc., Chicago, Illinois, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, will also act as Disclosure Counsel to the District. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about October 21, 2024.*

**RAYMOND JAMES®**

The date of this Official Statement is September \_\_, 2024.

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**School District Number 70  
Cook County, Illinois  
(Morton Grove)**

**\$6,105,000\* GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2024**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS\***

MATURITY (DECEMBER 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER** (213777)
2025	\$180,000	%	%	
2026	470,000	%	%	
2027	505,000	%	%	
2028	545,000	%	%	
2029	585,000	%	%	
2030	625,000	%	%	
2031	470,000	%	%	
2032	505,000	%	%	
2033	540,000	%	%	
2034	580,000	%	%	
2035	625,000	%	%	
2036	475,000	%	%	

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\* Preliminary, subject to change.

\*\* CUSIP data herein is provided by the CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the District or Raymond James & Associates, Inc., Chicago, Illinois (the “*Underwriter*”), to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the District, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the District or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District’s beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “*Rule*”), this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein and is “deemed final” by the District as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to the Rule.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## **EXHIBITS**

Exhibit A	—	Combined Statement of Revenues, Expenditures and Changes in Fund Balance, Fiscal Years Ended June 30, 2019-2023
Exhibit B	—	Budget, Fiscal Year Ended June 30, 2024
Exhibit C	—	General Fund Revenue Sources, Fiscal Years Ended June 30, 2019-2023

## **APPENDICES**

Appendix A	—	Audited Financial Statements of the District for the Fiscal Year Ended June 30, 2023
Appendix B	—	Proposed Form of Opinion of Bond Counsel
Appendix C	—	Proposed Form of Continuing Disclosure Undertaking

**SCHOOL DISTRICT NUMBER 70  
COOK COUNTY, ILLINOIS  
(MORTON GROVE)**

6200 Lake Street  
Morton Grove, Illinois 60053

**Board of Education**

George Karagozian  
*President*

Pamela Alper

Paul Torres  
*Vice President*

Mark Thannert

Kate Pichon

Claudia Popielarczyk

Jeremy Wilson

**Administration**

Matthew Condon  
*Superintendent*

Erin Majchrowski  
*Director of Business Services*

**Professional Services**

*Underwriter*  
Raymond James & Associates, Inc.  
Chicago, Illinois

*Bond Counsel and Disclosure Counsel*  
Chapman and Cutler LLP  
Chicago, Illinois

*Bond Registrar and Paying Agent*  
Amalgamated Bank of Chicago  
Chicago, Illinois

*Auditor*  
Eccezion  
McHenry, Illinois



## OFFICIAL STATEMENT

**School District Number 70  
Cook County, Illinois  
(Morton Grove)  
\$6,105,000\* General Obligation Limited Tax Bonds, Series 2024**

### INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning School District Number 70, Cook County, Illinois (the “*District*”), in connection with the offering and sale of its General Obligation Limited Tax Bonds, Series 2024 (the “*Bonds*”).

This Official Statement contains “forward-looking statements” that are based upon the District’s current expectations and its projections about future events. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect,” “scheduled,” “pro-forma” and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the District. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the District nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

### THE BONDS

#### AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to the School Code of the State of Illinois (the “*School Code*”), the Local Government Debt Reform Act of the State of Illinois (the “*Debt Reform Act*”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Education of the District (the “*Board*”) on the 16th day of September, 2024, as supplemented by a notification of sale (together, the “*Bond Resolution*”).

Proceeds of the Bonds will be used to (a) increase the working cash fund of the District and (b) pay costs associated with the issuance of the Bonds. See “THE PROJECT” herein.

#### GENERAL DESCRIPTION

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“*DTC*”). Principal of and interest on the Bonds will be payable by Amalgamated Bank of Chicago, Chicago, Illinois (the “*Registrar*”).

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\* Preliminary, subject to change.

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning June 1, 2025.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the record date, which is the 15th day of the month next preceding the interest payment date (the “*Record Date*”).

#### REGISTRATION AND TRANSFER

The Registrar will maintain books (the “*Register*”) for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the Record Date with respect to any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

#### REDEMPTION

*Optional Redemption.* The Bonds due on or after December 1, 2034,\* are subject to redemption prior to maturity at the option of the District as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Registrar), on December 1, 2033,\* and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption.* The Bonds due on December 1 of the years 20\_\_ and 20\_\_ are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on December 1 of the years and in the principal amounts as follows:

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\* Preliminary, subject to change.

FOR THE BONDS DUE DECEMBER 1, 20\_\_

YEAR	PRINCIPAL AMOUNT
20__	\$
20__	(stated maturity)

FOR THE BONDS DUE DECEMBER 1, 20\_\_

YEAR	PRINCIPAL AMOUNT
20__	\$
20__	(stated maturity)

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the District may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Registrar may, and if directed by the District shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

*General.* The District will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar from the Bonds of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the District by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the District are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the District, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the District will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of

redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the District will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Resolution, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

#### SECURITY

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel ("*Bond Counsel*"), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that will be extended to pay the Bonds is limited pursuant to the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Limitation Law*").

The Debt Reform Act provides that the Bonds are payable from the debt service extension base of the District (the "*Base*"), which is an amount equal to that portion of the extension for the District for the 1994 levy year constituting an extension for payment of principal of and interest on bonds issued by the District without referendum, but not including alternate bonds issued under Section 15 of the Debt Reform Act or refunding obligations issued to refund or to continue to refund obligations of the District initially issued pursuant to referendum, increased each year, commencing with the 2009 levy year, by the lesser of 5% or the percentage increase in the Consumer Price Index (as defined in the Limitation Law, the "*CPI*") during the 12-month calendar year preceding the levy year. The Limitation Law further provides that the annual amount of taxes to be extended to pay the Bonds and all other limited bonds heretofore and hereafter issued by the District shall not exceed the Base.

The Bonds constitute one of two series of limited bonds of the District that are payable from the Base. Payments on the Bonds from the Base will be made on a parity with the payments on the District's outstanding General Obligation Limited Tax School Bonds, Series 2016, dated June 28, 2016 (the "*Series 2016 Bonds*"). The District is authorized to issue from time to time additional limited bonds payable from the Base, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the District's limited bonds.

The amount of the Base for levy year 2024 has been determined to be \$755,165.91, which is calculated from an original Base of \$533,850.00 as increased annually by CPI as described above.

The following chart shows the Base of the District, the debt service payable on the outstanding limited bonds of the District and the Bonds, and the available Base after the issuance of the Bonds.

#### DEBT SERVICE EXTENSION BASE AVAILABILITY AFTER ISSUANCE OF THE BONDS

LEVY YEAR	DEBT SERVICE ON OUTSTANDING LIMITED BONDS	PLUS: DEBT SERVICE ON THE BONDS <sup>(1)</sup>	TOTAL DEBT SERVICE ON LIMITED BONDS <sup>(1)</sup>	DEBT SERVICE EXTENSION BASE <sup>(2)</sup>	UNUSED DEBT SERVICE EXTENSION BASE <sup>(1)(2)</sup>
2024	\$234,600	\$519,167	\$753,767	\$755,166	\$ 1,399
2025		766,250	766,250	770,269	4,019
2026		777,750	777,750	785,675	7,925
2027		792,500	792,500	801,388	8,888
2028		805,250	805,250	817,416	12,166
2029		816,000	816,000	833,764	17,764
2030		629,750	629,750	850,439	220,689
2031		641,250	641,250	867,448	226,198
2032		651,000	651,000	884,797	233,797
2033		664,000	664,000	902,493	238,493
2034		680,000	680,000	920,543	240,543
2035		498,750	498,750	938,954	440,204

(1) Preliminary, subject to change.

(2) The CPI increase affecting levy years 2025 and thereafter is estimated to be 2.0% per year. In order to access the growth of the Base, if any, the Board will need to adopt a supplemental tax levy resolution each year and file the same with the County Clerk (as hereinafter defined). If actual CPI increases are less than expected or if the Base does not otherwise increase, the District will pay debt service on the Bonds in excess of the Base from funds on hand and lawfully available for that purpose.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate, upon all taxable property within the District in amounts to pay, as and when due, principal of and interest on the Bonds to the amount of the Base as determined for the 2024 levy year, less amounts previously levied to pay the Series 2016 Bonds. The District expects to pay debt service on the Bonds in excess of the Base from funds of the District on hand and lawfully available for such purpose. The Bond Resolution will be filed with the County Clerk of Cook County, Illinois (the “County Clerk”) and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Resolution.

Reference is made to Appendix B for the proposed form of opinion of Bond Counsel.

#### THE PROJECT

A portion of the proceeds of the Bonds will be used to increase the District’s Working Cash Fund. After proper abatement and transfer from the Working Cash Fund, such proceeds will be used to build an addition to house Pre-Kindergarten and Kindergarten in one wing, along with some office space, and to convert current office space into classroom space (the “Project”). The total cost of the Project is approximately \$14.5 million, which will be financed with proceeds of

the Bonds and the District's lawfully available funds. The District expects to complete the Project within three years.

### **SOURCES AND USES**

The sources and uses of funds resulting from the Bonds are shown below:

**SOURCES:**

Principal Amount	\$
[Net ]Original Issue Premium	_____
Total Sources	\$

**USES:**

Deposit to Working Cash Fund	\$
Costs of Issuance*	_____
Total Uses	\$

\* Includes underwriter's discount and other issuance costs.

### **RISK FACTORS**

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

#### **CONSTRUCTION RISKS**

There are potential risks that could affect the ability of the District to timely complete the Project. While preliminary costs have been projected by the District's consulting architects, not all of the construction contracts have been let by the District. No assurance can be given that the cost of completing the Project will not exceed available funds.

Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

## FINANCES OF THE STATE OF ILLINOIS

State funding sources constituted 5.77% of the District's General Fund revenue sources for the fiscal year ended June 30, 2023. While the finances of the State of Illinois (the "*State*") have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State's long-term general obligation bonds carry the lowest ratings of all states.

## LOCAL ECONOMY

The financial health of the District is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

## CONCENTRATION OF TAXPAYERS

Based on the District's 2023 Equalized Assessed Valuation ("*EAV*") (including Incremental EAV (as hereinafter defined), the District's ten largest taxpayers own 17.47% of the total current EAV of taxable property in the District. See "FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT—Ten Largest Taxpayers" herein for more information. If one or more of these taxpayers were to relocate from the District or cease operations, would be unable to pay its tax bills or was successful in challenging its assessed valuation, the timely receipt of tax dollars by the District could be affected. The District has the authority to levy deficiency taxes if debt service tax collections are inadequate. Notwithstanding, the value of the Bonds, the District's ability to repay the Bonds or the timing of repayment could be adversely affected.

Furthermore, if any of the largest taxpayers were to relocate or cease operations, the District could experience a significant reduction in EAV. Any reduction in EAV could limit the amount of taxes that the District can extend for operating purposes.

## BOND RATING

The Bonds have received a credit rating from Moody's Investors Service, New York, New York ("*Moody's*"). The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

## SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## CONTINUING DISCLOSURE

A failure by the District to comply with the Undertaking (as defined herein) for continuing disclosure (see “LIMITED CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*Commission*”) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

## SUITABILITY OF INVESTMENT

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.



## FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“*Congress*”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the District’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the “*Service*”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

## CYBERSECURITY

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the District’s operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

## BANKRUPTCY

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

## THE DISTRICT

### GENERAL DESCRIPTION

The District is located in Cook County, Illinois (the "*County*") approximately 15 miles north of Chicago. Established in 1897, the District currently serves over 900 students in the Village of Morton Grove, Illinois (the "*Village*") (98.72% of the District's EAV) and the Village of Skokie, Illinois (1.28% of the District's EAV).

Drivers can access the District by both the Tri-State Tollway (I-294) and the Edens Expressway (I-94). O'Hare Airport is approximately 11 miles from the District, and Midway Airport is approximately 26 miles from the District. Rail commuters can access downtown Chicago by Metra's Milwaukee District/North Line from the Village.

The District operates one school building with a diverse student population enrolled in grades Pre-K through 8. The District offers various programs, including programs for the gifted and talented, the arts, physical education, English as a second language (ESL), and special education.

The District is governed by an elected seven-member Board and a full-time administrative staff.

## DISTRICT ADMINISTRATION

The day-to-day affairs of the District are conducted by a full-time staff including the following central administrative positions.

OFFICIAL	TITLE	YEAR STARTED IN POSITION
Matthew Condon	Superintendent	2023
Erin Majchrowski	Director of Business Services	2020
Marty Paltzer	Township School Treasurer	1994
Jill Brocar	Board Secretary	2023

The Board appoints the administration. The staff is chosen by the administration with the approval of the Board. In general, policy decisions are made by the Board while specific program decisions are made by the administration.

## BOARD OF EDUCATION

OFFICIAL	POSITION	TERM EXPIRES
George Karagozian	President	April 2027
Paul Torres	Vice President	April 2025
Pamela Alper	Member	April 2025
Kate Pichon	Member	April 2027
Claudia Popielarczyk	Member	April 2027
Mark Thannert	Member	April 2025
Jeremy Wilson	Member	April 2025

## ENROLLMENT

HISTORICAL		PROJECTED	
2019/2020	895	2024/2025	916
2020/2021	894	2025/2026	918
2021/2022	917	2026/2027	920
2022/2023	911	2027/2028	921
2023/2024	914	2028/2029	922

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Source: The District.

## EMPLOYEE UNION MEMBERSHIP AND RELATIONS

At the start of the 2023-2024 school year, the District had 107 full-time employees and 9 part-time employees. Of the total number of employees, approximately 100 are represented by a union. Employee-union relations are considered to be good. District personnel are organized as follows:

EMPLOYEE GROUP	CONTRACT EXPIRES	UNION AFFILIATION	NUMBER OF MEMBERS
Teachers	June 2028	IFT	81
Support Staff	June 2028	IFT	19

## POPULATION DATA

The estimated populations of the Village, the County and the State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	2000	2010	2020	% CHANGE 2010/2020
The Village	22,451	23,270	22,937	-1.43%
The County	5,376,741	5,194,675	5,275,541	+1.56%
The State	12,419,293	12,830,632	12,812,508	-0.14%

Source: U.S. Census Bureau, Decennial Census for 2000, 2010 and 2020, respectively.

## EDUCATIONAL CHARACTERISTICS OF PERSONS 25 YEARS AND OLDER

NAME OF ENTITY	HIGH SCHOOL GRADUATES	4 OR MORE YEARS OF COLLEGE
The Village	89.9%	50.8%
The County	88.2%	41.3%
The State	90.1%	36.7%

Source: U.S. Census Bureau (2018-2022 American Community Survey).

# FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT

## DIRECT GENERAL OBLIGATION BONDS (PRINCIPAL ONLY)

CALENDAR YEAR	SERIES 2016 BONDS (DECEMBER 1)	PLUS: THE BONDS <sup>(1)</sup> (DECEMBER 1)	TOTAL OUTSTANDING BONDS <sup>(1)</sup>
2024	\$335,000		\$335,000
2025	230,000	\$ 180,000	410,000
2026		470,000	470,000
2027		505,000	505,000
2028		545,000	545,000
2029		585,000	585,000
2030		625,000	625,000
2031		470,000	470,000
2032		505,000	505,000
2033		540,000	540,000
2034		580,000	580,000
2035		625,000	625,000
2036		475,000	475,000
TOTAL	\$565,000	\$6,105,000	\$6,670,000

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(1) Preliminary, subject to change.

# DIRECT GENERAL OBLIGATION BONDS (PRINCIPAL AND INTEREST)

LEVY YEAR	DEBT SERVICE ON THE SERIES 2016 BONDS	PLUS: DEBT SERVICE ON THE BONDS <sup>(1)</sup>	TOTAL DEBT SERVICE ON OUTSTANDING BONDS <sup>(1)</sup>
2024	\$234,600	\$ 519,167	\$ 753,767
2025		766,250	766,250
2026		777,750	777,750
2027		792,500	792,500
2028		805,250	805,250
2029		816,000	816,000
2030		629,750	629,750
2031		641,250	641,250
2032		651,000	651,000
2033		664,000	664,000
2034		680,000	680,000
2035		498,750	498,750
TOTAL	\$234,600	\$8,241,667	\$8,476,267

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(1) Preliminary, subject to change.

OVERLAPPING GENERAL OBLIGATION BONDS  
(As of August 2, 2024)

TAXING BODY	OUTSTANDING BONDS <sup>(1)</sup>	APPLICABLE TO DISTRICT	
		PERCENT	AMOUNT
The County	\$2,093,131,750	0.218%	\$4,567,901
Cook County Forest Preserve District	52,085,000	0.218%	113,667
Metropolitan Water Reclamation District	1,610,470,000	0.222%	3,576,924
The Village	4,440,000	39.169%	1,739,083
Village of Skokie	198,970,000	0.192%	381,071
Morton Grove Park District	2,053,758	40.532%	832,434
Community High School District Number 219	590,000	8.021%	47,326
Community College District No. 535	54,930,000	1.438%	<u>789,833</u>
TOTAL OVERLAPPING GENERAL OBLIGATION BONDS			\$12,048,239

Source: With respect to the applicable taxing bodies and the information used to calculate the percentage of overlapping EAV, the Cook County Clerk's Office. Information regarding the outstanding bonds of the overlapping taxing bodies was obtained from publicly available sources.

- (1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds are not included in the computation of indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on the alternate revenue bonds are extended for collection. The District provides no assurance that any of the taxes so levied have not been extended, nor can the District predict whether any of such taxes will be extended in the future.

## SELECTED FINANCIAL INFORMATION

2023 Estimated Full Value of Taxable Property:	\$1,303,896,714
2023 EAV:	\$ 499,242,559 <sup>(1)</sup>
Population Estimate:	10,184
General Obligation Bonds (including the Bonds):	\$ 6,670,000 <sup>(2)</sup>
Other Direct General Obligation Debt:	\$ 534,997 <sup>(3)</sup>
Total Direct General Obligation Debt:	\$ 7,204,997 <sup>(2)</sup>
Percentage to Full Value of Taxable Property:	0.48% <sup>(2)</sup>
Percentage to EAV:	1.44% <sup>(2)</sup>
Debt Limit (6.9% of EAV):	\$ 34,447,737
Percentage of Debt Limit:	20.92% <sup>(2)</sup>
Per Capita:	\$ 707 <sup>(2)</sup>
General Obligation Bonds (including the Bonds):	\$ 6,670,000 <sup>(2)</sup>
Overlapping General Obligation Bonds:	\$ 12,048,239
General Obligation Bonds and Overlapping General Obligation Bonds:	\$ 18,718,239 <sup>(2)</sup>
Percentage to Full Value of Taxable Property:	1.25% <sup>(2)</sup>
Percentage to EAV:	3.75% <sup>(2)</sup>
Per Capita:	\$ 1,838 <sup>(2)</sup>

(1) Includes Incremental EAV (as hereinafter defined) in the amount of \$64,610,321. See "Tax Increment Financing Districts Located Within the District."

(2) Preliminary, subject to change.

(3) This amount consists of the District's outstanding payments due on the Special Education Bonds, Series 2021, issued by Niles Township District for Special Education Number 807, Cook County, Illinois, of which the District is a participating member.

## COMPOSITION OF EAV

	2019	2020	2021	2022	2023
<b>By Property Type</b>					
Residential	\$238,809,443	\$236,939,667	\$214,633,827	\$279,638,805	\$287,291,895
Farm	10,339	10,505	10,385	6,147	6,197
Commercial	53,728,597	57,414,075	53,065,991	54,186,078	57,143,905
Industrial	75,993,321	83,575,458	76,530,005	89,404,930	90,190,241
Railroad	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total EAV*	\$368,541,700	\$377,939,705	\$344,240,208	\$423,235,960	\$434,632,238

Source: Cook County Clerk's Office.

\* Does not include Incremental EAV.



## TREND OF EAV

LEVY YEAR	EAV <sup>(1)</sup>	% CHANGE IN EAV FROM PREVIOUS YEAR
2019	\$368,541,700	+18.66% <sup>(2)(3)</sup>
2020	377,939,705	+2.55%
2021	344,240,208	-8.92%
2022	423,235,960	+22.95% <sup>(3)</sup>
2023	434,632,238	+2.69%

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Source: Cook County Clerk's Office.

(1) Does not include Incremental EAV.

(2) Based on the District's \$310,589,304 2018 EAV.

(3) Reassessment year.

## NEW PROPERTY

The following chart indicates the EAV of new property (as defined in the Limitation Law) within the District for each of the last five levy years.

LEVY YEAR	NEW PROPERTY
2019	\$1,290,765
2020	1,176,416
2021	864,917
2022	412,365
2023	301,772

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Source: Cook County Clerk's Office.

## TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE DISTRICT

A portion of the District's EAV is contained in tax increment financing ("*TIF*") districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the "*Base EAV*"). Any incremental increases in property tax revenue produced by the increase in EAV (the "*Incremental EAV*") derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The District is not aware of any new TIF districts planned in the immediate future.

LOCATION/ NAME OF TIF	YEAR ESTABLISHED	BASE EAV	2023 EAV	INCREMENTAL EAV
Morton Grove – Ferris/Lehigh <sup>(1)</sup>	2000	\$11,604,137	\$55,989,119	\$ 45,181,979
Morton Grove – Sawmill Station	2019	1,778,902	20,694,523	18,915,621
Morton Grove – Lincoln/Lehigh	2021	5,679,013	6,191,734	512,721
Total Incremental EAV				\$ 64,610,321
2023 EAV				434,632,238
Enterprise Zone EAV				0
Total EAV				<u>\$499,242,559</u>

Source: Cook County Clerk's Office.

- (1) The Ferris/Lehigh TIF expires in levy year 2023, and the taxable property therein will be included in the District's taxable property in levy year 2024. The District expects to receive an estimated additional \$45-50 million in "Recovered Tax Increment Value" (as defined in the Limitation Law) due to the expiration of this TIF district.

The District has entered into intergovernmental agreements with the Village located within the District pursuant to which the District receives payment from such TIF Districts. Pursuant to such agreements, the District received \$248,396 in fiscal year ended June 30, 2024, and expects to receive approximately \$263,897 in fiscal year ending June 30, 2025.

## TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED	PERCENT COLLECTED
2018/19	\$12,293,129	\$12,367,984	100.61%
2019/20	12,563,591	12,873,881	102.47%
2020/21	12,887,749	12,894,483	100.05%
2021/22	13,149,982	13,265,535	100.88%
2022/23	13,827,123	13,648,756	98.71%
2023/24 <sup>(1)</sup>	14,516,721	9,903,089	68.22%

Source: Cook County Treasurer's and County Clerk's Offices.

(1) Collections as of July 31, 2024.

## SCHOOL DISTRICT TAX RATES BY PURPOSE

(Per \$100 EAV)

PURPOSE	2019	2020	2021	2022	2023	MAXIMUM RATE <sup>(1)</sup>
Educational Fund	\$2.4105	\$2.4404	\$2.5882	\$2.1861	\$2.2816	None <sup>(2)</sup>
Social Security	0.0819	0.0026	0.0422	0.0460	0.0343	None
Transportation	0.2643	0.2069	0.3145	0.2554	0.1816	None
IMRF	0.0026	0.0026	0.0141	0.0230	0.0227	None
Building	0.2062	0.3234	0.3658	0.3451	0.4087	\$0.5500
Working Cash	0.0264	0.0259	0.0281	0.0230	0.0284	0.0500
Special Education	0.3172	0.3104	0.3446	0.2830	0.2781	0.4000
Limited Bonds	0.0991	0.0969	0.1066	0.0863	0.0837	None
Revenue Recapture <sup>(3)</sup>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0156</u>	<u>0.0183</u>	<u>0.0201</u>	None
Total	\$3.4082	\$3.4091	\$3.8197	\$3.2662	\$3.3392	

Source: Cook County Clerk's Office.

(1) See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law" herein for information on the operation of such maximum rates under the Limitation Law.

(2) The District does not have a maximum tax rate for educational fund purposes. The aggregate tax rate for the various purposes subject to the Limitation Law, however, may not exceed the District's limiting rate under the Limitation Law.

(3) See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES—Property Tax Extension Limitation Law" herein for information on the property tax refund revenue recapture provisions of the Limitation Law.

REPRESENTATIVE TOTAL TAX RATES  
(Per \$100 EAV)

TAXING AUTHORITY	2019	2020	2021	2022	2023
The District	\$3.409	\$3.410	\$3.820	\$3.267	\$3.340
The County	0.454	0.453	0.446	0.431	0.386
Cook County Forest Preserve District	0.059	0.058	0.058	0.081	0.075
Metropolitan Water Reclamation District	0.389	0.378	0.382	0.374	0.345
Consolidated Elections	0.030	0.000	0.019	0.000	0.032
Town of Niles	0.045	0.046	0.051	0.047	0.048
General Assistance Niles	0.007	0.007	0.008	0.007	0.008
Road and Bridge Niles	0.000	0.000	0.000	0.000	0.000
The Village	1.179	1.161	1.292	1.090	1.160
Morton Grove Library Fund	0.377	0.371	0.404	0.350	0.351
Morton Grove Park District	0.406	0.537	0.591	0.512	0.527
North Shore Mosquito Abatement	0.009	0.009	0.009	0.008	0.008
Community High School District Number 219	3.017	3.029	3.350	3.025	3.069
Community College District No. 535	<u>0.221</u>	<u>0.227</u>	<u>0.252</u>	<u>0.221</u>	<u>0.227</u>
TOTAL *	\$9.602	\$9.686	\$10.682	\$9.413	\$9.576

Source: Cook County Clerk's Office.

\* The total of such rates is the property tax rate paid by a typical District resident living in the Village.

TEN LARGEST TAXPAYERS

TAXPAYER NAME	2023 EAV	PERCENT OF DISTRICT'S TOTAL EAV
Fluid Handling LLC	\$13,196,333	2.64%
CRP Holdings CLP	12,302,255	2.46%
Sawmill Residential LLC	12,130,165	2.43%
CRE North Grove CP III	11,071,435	2.22%
John Crane Inc.	10,056,000	2.01%
HMC CHP 8220 Austin IL	8,050,037	1.61%
FEM Dempster Street	6,219,170	1.25%
Legacy SWP LLC	5,556,055	1.11%
BNTR Monroe Court LLC	4,601,405	0.92%
Fifth Third Bank SLKGA	4,051,274	0.81%
	\$87,234,129	17.47%

Source: Cook County Clerk's Office.

The above taxpayers represent 17.47% of the District's \$499,242,559 2023 EAV (including Incremental EAV). Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.

## RETAILERS' OCCUPATION TAX AND SERVICE OCCUPATION TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation Tax and Service Occupation Tax collected by the Illinois Department of Revenue (the "*Department*") from retailers within the Village. The table indicates the level of retail activity in the Village.

CALENDAR YEAR	STATE SALES TAX DISTRIBUTION <sup>(1)</sup>
2019	\$4771,822
2020	4,114,523
2021	5,488,899
2022	5,617,691
2023	5,973,897
2024 <sup>(2)</sup>	1,354,579

Source: The Department.

(1) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers' Occupation Tax and Service Occupation Tax, collected on behalf of the Village, less a State administration fee. The municipal 1% sales tax includes tax receipts from the sale of food and drugs which are not taxed by the State.

(2) Through First Quarter 2024.

## CORPORATE PERSONAL PROPERTY REPLACEMENT TAXES

Corporate Personal Property Replacement Taxes ("*CPPRT*") are revenues received from a tax imposed on corporations, partnerships, trusts, S corporations and public utilities in the State. The purpose of the CPPRT is to replace revenues lost by units of local government (including the District) as a result of the abolishment of the corporate personal property tax (the "*Personal Property Tax*") with the adoption of the Illinois Constitution of 1970. The State Revenue Sharing Act (the "*Sharing Act*") was passed in 1979, implementing the CPPRT to replace the lost Personal Property Tax revenues and providing the mechanism for distributing collections of CPPRT to taxing districts (including the District) entitled to receive such tax revenues under the Sharing Act. The following table sets forth the amount of CPPRT received by the District over the last five years:

FISCAL YEAR ENDED JUNE 30	CPPRT RECEIPTS
2019	\$ 436,354
2020	477,648
2021	605,848
2022	1,320,589
2023	1,492,565

Source: The audited financial statements of the District for the fiscal years ended June 30, 2019-June 30, 2023.

In its fiscal year 2024 budget, the District estimated that its CPPRT revenues would decrease by approximately \$429,296 from its fiscal year 2023 amount.

## LARGEST EMPLOYERS

Below is a listing of large employers within or near the District.

EMPLOYER	PRODUCT OR SERVICE	LOCATION	APPROXIMATE NUMBER OF EMPLOYEES
DRiV Automotive, Inc.	Gaskets, packings, rubber products & seals	Skokie	1,300
John Crane, Inc.	Corporate headquarters & mechanical & lubrication seals	Morton Grove	700
Xylem	Centrifugal pumps, valves, controls & package systems for HVAC, plumbing & fire sprinkler applications	Morton Grove	650
Amazon.com Services, LLC	Warehouse fulfillment & logistics services	Skokie	600
Georgia Nut Co.	Candy & snacks	Skokie	500
Tech Lighting, LLC	Architectural-grade low- & line-voltage lighting systems	Skokie	400
Alltran Education, Inc.	Collection services for the recovery of educational loans & taxes	Skokie	300
Megadyne America, LLC	Company headquarters & process & conveyor belting & products for the food, general industrial, material & package handling, paper & print, rubber & plastics industries	Skokie	300
Visual Comfort & Co.	Company headquarters & low-voltage lighting systems & contemporary decorative fixtures, including fans	Skokie	300
Fareva Morton Grove, Inc.	Private label beauty care products, including skin creams, lotions, lipsticks & balms & formulation, packaging & research & development	Morton Grove	230
Legacy Healthcare Financial Services, LLC	Residential healthcare consulting services	Skokie	200
Integrated Merchandising Systems, LLC	Merchandising point-of-sale signs, displays, racks, hardware & printed materials for retail environments, including strategic sourcing/production management, IT systems & integration & logistics operations	Morton Grove	170
Quantum Color Graphics, LLC	Printing, mailing & custom automated marketing services	Morton Grove	170
Edwards Label	Promotional label printing	Skokie	150
Northwestern Mutual	Financial advisors	Skokie	150
Nurse Staffers, Inc.	Nurse staffing services	Skokie	150

Source: 2024 Illinois Manufacturers Directory, 2024 Illinois Services Directory and the Illinois Department of Commerce and Economic Opportunity.

## UNEMPLOYMENT RATES

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates for the Village, the County and the State.

	THE VILLAGE	THE COUNTY	THE STATE
2019 – Average	3.1%	3.9%	4.0%
2020 – Average <sup>(1)</sup>	9.8%	10.6%	9.3%
2021 – Average	5.1%	6.9%	6.1%
2022 – Average	3.9%	5.0%	4.6%
2023 – Average	3.7%	4.4%	4.5%
2024 – Average (6 mos.)	4.1%	5.2%	5.1%

Source: State of Illinois Department of Employment Security.

(1) The District attributes the increase in unemployment rates to the COVID-19 pandemic.

## HOUSING VALUE AND INCOME STATISTICS

The following table sets forth information regarding median home values and various income related statistics for the Village, the County and the State.

	THE VILLAGE	THE COUNTY	THE STATE
Median Home Value	\$366,300	\$293,700	\$239,100
Median Household Income	102,940	78,304	78,433
Median Family Income	125,305	97,520	99,215
Per Capita Income	44,926	45,646	43,198

Source: U.S. Census Bureau (2018-2022 American Community Survey).

## SHORT-TERM BORROWING

The District has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

## FUTURE DEBT

Except for the Bonds, the District does not currently anticipate issuing any debt in the next six months.

## **DEFAULT RECORD**

The District has no record of default and has met its debt repayment obligations promptly.

## **WORKING CASH FUND**

The District is authorized to issue (subject to the provisions of the Limitation Law) general obligation bonds to create, re-create or increase a Working Cash Fund. Such fund can also be created, re-created or increased by the levy of an annual tax not to exceed \$.05 per hundred dollars of EAV (the "*Working Cash Fund Tax*"). The purpose of the fund is to enable the District to have sufficient cash to meet demands for expenditures for corporate purposes. Moneys in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund or funds of the District in anticipation of ad valorem property taxes levied by the District for such fund or funds. The Working Cash Fund is reimbursed when the anticipated taxes or other moneys are received by the District.

Any time moneys are available in the Working Cash Fund, they must be transferred to such other funds of the District and used for any and all school purposes so as to avoid, whenever possible, the issuance of tax anticipation warrants or notes. Interest earned from the investment of the Working Cash Fund may be transferred from the Working Cash Fund to other funds of the District that are most in need of the interest. Moneys in the Working Cash Fund may not be appropriated by the Board in the annual budget.

The District also has the authority to abate amounts in the Working Cash Fund to any other fund of the District if the amount on deposit in such other fund after the abatement will not constitute an excess accumulation of money in that fund and as long as the District maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then current value, as equalized or assessed by the Department, of the taxable property in the District.

Finally, the District may abolish the Working Cash Fund and direct the transfer of any balance thereof to the educational fund at the close of the then current fiscal year. After such abolishment, all outstanding Working Cash Fund Taxes levied will be paid into the educational fund upon collection. Outstanding loans from the Working Cash Fund to other funds of the District at the time of abolishment will be paid or become payable to the educational fund at the close of the then current fiscal year. The outstanding balance in the Working Cash Fund at the time of abolishment, including all outstanding loans from the Working Cash Fund to other funds of the District and all outstanding Working Cash Fund Taxes levied, may be used and applied by the District for the purpose of reducing, by the balance in the Working Cash Fund at the close of the fiscal year, the amount of taxes that the Board otherwise would be authorized or required to levy for educational purposes for the fiscal year immediately succeeding the fiscal year in which the Working Cash Fund is abolished.



## WORKING CASH FUND SUMMARY

FISCAL YEAR	END OF YEAR FUND BALANCE
2019	\$2,926,578
2020	2,046,344
2021	2,175,923
2022	2,314,838
2023	2,457,687

Source: Compiled from the District's audited financial statements for the fiscal years ended June 30, 2019-2023.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

### SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

### REAL PROPERTY ASSESSMENT

The County Assessor (the "*Assessor*") is responsible for the assessment of all taxable real property within the County, including such property located within the boundaries of the District, except for certain railroad property, pollution control facilities and low sulfur dioxide emission coal-fueled devices, which are assessed directly by the Department. For triennial reassessment purposes, Cook County is divided into three Districts: west and south suburbs (the "*South Tri*"), north and northwest suburbs (the "*North Tri*"), and the City of Chicago (the "*City Tri*"). The District is located in the North Tri and was last reassessed for the 2022 tax levy year. The District will next be reassessed for the 2025 levy year.

Real property in the County is separated into classes for assessment purposes. After the Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentage to arrive at the assessed valuation (the "*Assessed Valuation*") for the parcel. Such classification percentages range from 10% for certain residential, commercial and industrial property to 25% for other industrial and commercial property.

Property is classified for assessment into six basic categories, each of which is assessed at various percentages of fair market value as follows: Class 1 - unimproved real estate (10%); Class 2 - residential (10%); Class 3 - rental-residential (16% in tax year 2009, 13% in tax year 2010, and 10% in tax year 2011 and subsequent years); Class 4 - not-for-profit (25%); Class 5a - commercial (25%); and Class 5b - industrial (25%).

In addition, property may be temporarily classified into one of eight additional assessment classification categories. Upon expiration of such classification, property so classified will revert

to one of the basic six assessment classifications described above. The additional assessment classifications are as follows:

CLASS	DESCRIPTION OF QUALIFYING PROPERTY	ASSESSMENT PERCENTAGE	REVERTS TO CLASS
6b	Newly constructed industrial properties or substantially rehabilitated sections of existing industrial properties	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
C	Industrial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5b
	Commercial property that has undergone environmental testing and remediation	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7a/7b	Newly constructed or substantially rehabilitated commercial properties in an area in need of commercial development	10% for first 10 years, 15% in year 11, 20% in year 12	5a
7c	Newly constructed or rehabilitated commercial buildings and acquisition of abandoned property and rehabilitation of buildings thereon including the land upon which the buildings are situated and the land related to the rehabilitation	10% for first 3 years and any 3-year renewal; if not renewed, 15% in year 4, 20% in year 5	5a
8	Industrial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	5b
	Commercial properties in enterprise communities or zones in need of substantial revitalization	10% for first 10 years, 15% in year 11, 20% in year 12	5a
9	New or substantially rehabilitated multi-family residential properties in target areas, empowerment or enterprise zones	10% for first 10 years and any 10-year renewal	As Applicable
S	Class 3 properties subject to Section 8 contracts renewed under the "Mark up to Market" option	10% for term of Section 8 contract renewal and any subsequent renewal	3
L	Substantially rehabilitated Class 3, 4 or 5b properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years and any 10-year renewal; if not renewed, 15% in year 11, 20% in year 12	3, 4, or 5b
	Substantially rehabilitated Class 5a properties qualifying as "Landmark" or "Contributing" buildings	10% for first 10 years, 15% in year 11, 20% in year 12	5a

The Assessor has established procedures enabling taxpayers to contest their proposed Assessed Valuations. Once the Assessor certifies its final Assessed Valuations, a taxpayer can seek review of its assessment by appealing to the Cook County Board of Review (the "*Board of Review*"), which consists of three commissioners elected by the voters of the County. The Board of Review has the power to adjust the Assessed Valuations set by the Assessor.

Owners of residential property having six or fewer units are able to appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "*PTAB*"), a statewide

administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal the decision of PTAB to either the Circuit Court of the County (the “*Circuit Court*”) or the Illinois Appellate Court under the Illinois Administrative Review Law.

As an alternative to seeking review of Assessed Valuations by PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court. The procedure under this alternative is similar to the judicial review procedure described in the immediately preceding paragraph, however, the standard of proof differs. In addition, in cases where the Assessor agrees that an assessment error has been made after tax bills have been issued, the Assessor can correct any factual error, and thus reduce the amount of taxes due, by issuing a Certificate of Error. Certificates of Error are not issued in cases where the only issue is the opinion of the valuation of the property.

## EQUALIZATION

After the Assessor has established the Assessed Valuation for each parcel for a given year, and following any revisions by the Board of Review or PTAB, the Department is required by statute to review the Assessed Valuations. The Department establishes an equalization factor (the “*Equalization Factor*”), commonly called the “multiplier,” for each county to make all valuations uniform among the 102 counties in the State. Under State law, the aggregate of the assessments within each county is equalized at 33-1/3% of the estimated fair cash value of real property located within the county prior to any applicable exemptions. One multiplier is applied to all property in the County, regardless of its assessment category, except for certain farmland property and wind energy assessable property, which are not subject to equalization. The following table sets forth the Equalization Factor for the County for the last ten tax levy years.

TAX LEVY YEAR	EQUALIZATION FACTOR
2014	2.7253
2015	2.6685
2016	2.8032
2017	2.9627
2018	2.9109
2019	2.9160
2020	3.2234
2021	3.0027
2022	2.9237
2023	3.0163

Once the Equalization Factor is established, the Assessed Valuation, as revised by the Board of Review or PTAB, is multiplied by the Equalization Factor to determine the EAV of that parcel. The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body’s jurisdiction, plus the valuation of property assessed directly by the Department, constitute the total real estate tax base for the taxing body, which is used to calculate tax rates (the “*Assessment Base*”).

## EXEMPTIONS

The Illinois Property Tax Code, as amended (the “*Property Tax Code*”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“*Residential Property*”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$10,000 for tax years 2017 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer’s homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less (“*Qualified Homestead Property*”). If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$8,000 for tax years 2017 and thereafter.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of \$65,000 beginning in assessment year 2017. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year. Beginning in tax year 2017, the amount of the exemption is equal to the greater of the amount calculated as described in the previous sentence (as more completely set forth in the Property Tax Code) or \$2,000.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the

improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “*Natural Disaster Exemption*”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Several exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

#### TAX LEVY

As part of the annual budgetary process of governmental units (the “*Units*”) with power to levy taxes in the County, the designated body for each Unit annually adopts proceedings to levy

real estate taxes. The administration and collection of real estate taxes is statutorily assigned to the County Clerk and the County Treasurer. After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit. The County Clerk computes the Unit's maximum allowable levy by multiplying the maximum tax rate for that Unit by the prior year's EAV for all property currently in the District. The prior year's EAV includes the EAV of any new property, the current year value of any annexed property and any recovered tax increment value, minus any disconnected property for the current year under the Limitation Law. The tax rate for a Unit is computed by dividing the lesser of the maximum allowable levy or the actual levy by the current year's EAV.

#### PROPERTY TAX EXTENSION LIMITATION LAW

The Limitation Law is applied after the prior year EAV limitation. The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes, unlimited as to rate and amount, cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The use of prior year EAVs to limit the allowable tax levy may reduce tax rates for funds that are at or near their maximum rates in taxing Districts with rising EAVs. These reduced rates and all other rates for those funds subject to the Limitation Law are added together, which results in the aggregate preliminary rate. The aggregate preliminary rate is then compared to the limiting rate. If the limiting rate is more than the aggregate preliminary rate, there is no further reduction in rates due to the Limitation Law. If the limiting rate is less than the aggregate preliminary rate, the aggregate preliminary rate is further reduced to the limiting rate. In all cases, taxes are extended using current year EAV under Section 18-140 of the Property Tax Code.

The District has the authority to levy taxes for many different purposes. See "FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE DISTRICT - School District Tax Rates by Purpose." The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (a) unlimited (as provided by statute), (b) initially set by statute but permitted to be increased by referendum, (c) capped by statute, or (d) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing Districts (such as the District) have flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

If the District's Adequacy Target (as defined under "STATE AID" herein) exceeds 110% for the school year that begins during the calendar year immediately preceding the levy year for which a tax reduction is sought, a petition signed by at least 10% of the registered voters in the District may be filed requiring a proposition to be submitted to the District's voters at the next consolidated election in April of odd-numbered years asking the voters whether the District must reduce its

extension for educational purposes for the levy year in which the election is held to an amount that is less than the extension for educational purposes for the immediately preceding levy year. The reduced extension, however, may not be more than 10% lower than the amount extended for educational purposes in the previous levy year and may not cause the District's Adequacy Target to fall below 110% for the levy year for which the reduction is sought. If the voters approve the proposition, the County Clerk will extend a rate for educational purposes that is no greater than the limiting rate for educational purposes computed in accordance with the Limitation Law. If such proposition is submitted to the voters, it may not be submitted again at any of the next two consolidated elections.

In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. Local governments, including the District, can issue limited bonds (such as the Bonds) in lieu of general obligation bonds that have otherwise been authorized by applicable law. See "THE BONDS—Security" herein.

Beginning with levy year 2021, each tax-capped taxing district (such as the District) receives an automatic levy increase in the amount of any property tax refunds paid by such taxing district in the prior year as a result of the issuance of certificates of error, court orders issued in connection with valuation tax objection complaints and Illinois Property Tax Appeal Board (the "PTAB") decisions. For levy year 2023, the additional amount added to the District's tax levy as a result of this change was \$87,154.

Pursuant to Section 18-190.7 of the Property Tax Code, school districts that have a designation of "recognition" or "review" according to the Illinois State Board of Education's ("ISBE") School District Financial Profile System, park districts, library districts and community college districts and for which taxes were not extended at the maximum amount permitted under the Limitation Law in a given levy year may be able to recapture all or a portion of such unrealized levy amount in a subsequent levy year. Section 18-190.7 directs county clerks, in calculating the limiting rate for a given taxing district, to use the greater of the taxing district's last preceding aggregate extension or the district's last preceding aggregate extension if the taxing district had utilized the maximum limiting rate permitted without referendum for each of the three immediately preceding levy years. The aggregate extension of a taxing district that includes any recapture for a particular levy year cannot exceed the taxing district's aggregate extension for the immediately preceding levy year by more than 5%. If a taxing district cannot recapture the entire unrealized levy amount in a single levy year, the taxing district may increase its aggregate extension in each succeeding levy year until the entire levy amount is recaptured.

Illinois legislators have introduced several proposals to further modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

## EXTENSIONS

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over the particular parcel. The County Clerk extends the tax by entering the tax (determined by multiplying the total tax rate by the EAV of that parcel for the current assessment year) in the books prepared for the County Collector (the “*Warrant Books*”) along with the tax rates, the Assessed Valuation and the EAV. The Warrant Books are the County Collector’s authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

## COLLECTIONS

Property taxes are collected by the County Collector, who also serves as the County Treasurer, who remits to each Unit its share of the collections. Taxes levied in one year become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. A payment due is deemed to be paid on time if the payment is postmarked on the due date. Beginning with the first installment payable in 2010, the first installment is equal to 55% of the prior year’s tax bill. However, if a Certificate of Error is approved by a court or certified on or before November 30 of the preceding year and before the estimated tax bills are prepared, then the first installment is instead based on the certain percentage of the *corrected* prior year’s tax bill. The second installment covers the balance of the current year’s tax bill, and is based on the then current tax year levy, Assessed Valuation and Equalization Factor, and reflects any changes from the prior year in those factors. The first installment penalty date has historically been the first business day in March. Pursuant to Public Act 102-1112, the first installment penalty date for levy year 2022 was changed from March 1, 2023 to April 1, 2023. The following table sets forth the second installment penalty date for the last ten tax levy years in the County.

TAX LEVY YEAR	SECOND INSTALLMENT PENALTY DATE
2014	August 3, 2015
2015	August 1, 2016
2016	August 1, 2017
2017	August 1, 2018
2018	August 1, 2019
2019	August 3, 2020
2020	August 2, 2021
2021	December 30, 2022
2022	December 1, 2023
2023	August 1, 2024

As a result of ongoing efforts to modernize technology within various County property tax agencies, personnel shortages and turnover attributable to COVID-19 and the complicated nature of the reassessment of property taxes in the City of Chicago, for the 2021 tax year (for amounts payable in calendar year 2022), the distribution of amounts related to second installment County



property tax bills for calendar year 2022 were delayed. Likewise, such distribution of amounts were delayed in calendar year 2023. The District did not experience any cash flow issues due to such delays.

It is possible that the changes to the assessment appeals process described above will cause delays similar to those experienced in past years in preparation and mailing of the second installment in future years. In the future, the County may provide for tax bills to be payable in four installments instead of two.

During the periods of peak collections, tax receipts are forwarded to each Unit on a weekly basis. Upon receipt of taxes from the County Collector, the District promptly credits the taxes received to the funds for which they were levied.

#### UNPAID TAXES AND ANNUAL TAX SALES

Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are deemed delinquent and bear interest at the rate of 0.75% per month (or portion thereof) until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. If taxes go unpaid for 13 months, the County Treasurer is required to sell the delinquent property taxes at the “Annual Tax Sale”, which is a sale of tax liens, not properties. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the amount paid at the sale, plus interest penalties and fees. If no redemption is made within the applicable redemption period, the tax buyer can secure a court-ordered deed to the home. Tax buyers can seek the deed to a home after 2-1/2 years, with the option of a six-month extension. If the property is abandoned, that time frame can be shortened to two years. Owners of vacant, commercial and industrial properties have six months to redeem their taxes before the tax buyer can seek ownership of the property.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

When taxes remain unpaid for more than 20 years, Illinois law states that the property is “forfeited to the state.” As a practical matter, this does not happen. Instead, the taxes are wiped out, as the property remains in its distressed condition barring a change in the owner’s circumstances or it being sold.

#### SCAVENGER SALES

In the County, if a property’s taxes go unpaid in at least three of the previous 20 years, the property is offered at a biennial “Scavenger Sale,” which like the Annual Tax Sale, is a sale of unpaid taxes. The winning bidder is not required to pay any of the previous years’ unpaid taxes. If the owner, however, does not redeem such back taxes, the winning bidder can seek deed to the property. To obtain the deed, the bidder must pay all unpaid taxes billed on the property between the last year covered by the Scavenger Sale and the date the bidder seeks the deed. Redemption

periods vary from six months to two and a half years depending upon the type and occupancy of the property. As in the Annual Sale, bidders at the Scavenger Sale can seek the deed to a home after 2-1/2 years, with the option of a six-month extension. If the property is abandoned, that time frame can be shortened to two years. With a vacant, commercial or industrial property, the winning buyer can seek the deed after six months.

Public Act 103-0555 effective January 1, 2024, eliminates the County's mandatory Scavenger Sale and allows the County or local governments to take control of properties if they are not purchased in the Annual Tax Sale. The County, like all other Illinois counties, can cease selling tax liens and instead work to connect chronically-delinquent, forfeited tax liens to new development opportunities.

#### TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "*Law*") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action or fail to take any action which would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it and its officers will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolution.

#### SCHOOL DISTRICT FINANCIAL PROFILE

ISBE utilizes a system for assessing a school district's financial health referred to as the "*School District Financial Profile*" which replaced the Financial Watch List and Financial Assurance and Accountability System. This system identifies those school districts which are moving into financial distress.

The system uses five indicators which are individually scored, placed into a category of a four, three, two or one, with four being the best possible, and weighted in order to arrive at a composite district financial profile. The indicators and the weights assigned to those indicators are as follows: fund balance to revenue ratio (35%); expenditures to revenue ratio (35%); days cash on hand (10%); percent of short-term borrowing ability remaining (10%); and percent of long-term debt margin remaining (10%).

The scores of the weighted indicators are totaled to obtain a district's overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- *Financial Recognition.* A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- *Financial Review.* A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.
- *Financial Early Warning.* A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.
- *Financial Watch.* A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

For each school district, ISBE calculates an original financial profile score (the "*Original Score*") and an adjusted financial profile score (the "*Adjusted Score*"). The Original Score is calculated based solely on such school district's audited financial statements as of the close of the most recent fiscal year. The Adjusted Score is calculated based initially on a school district's audited financial statements for the most recent fiscal year, with adjustments made to reflect the impact on the Original Score of timing differences between such school district's actual and expected receipt of State payments, as required by Section 1A-8 of the School Code. ISBE has implemented this statutory requirement by adding in payments expected to be received during the calculation year but not actually received until the following fiscal year, as well as by subtracting certain State payments received during the current fiscal year but attributable to a prior fiscal year. Such adjustments may have a varying effect on a school district's Adjusted Score based on the amount of time by which such State payments are delayed and the accounting basis adopted by such school district. Due to the manner in which such requirement has been implemented by ISBE, a school district's Adjusted Score may be different than it otherwise would have been in certain years based on the scheduled receipt of State payments.

The following table sets forth the District's Original Scores and Adjusted Scores, as well as the designation assigned to each score, for each of the last five fiscal years (as released by ISBE in the Spring of the year following the conclusion of each fiscal year):

FISCAL YEAR (JUNE 30)	ORIGINAL SCORE	DESIGNATION BASED ON ORIGINAL SCORE	ADJUSTED SCORE	DESIGNATION BASED ON ADJUSTED SCORE
2018	4.00	Recognition	4.00	Recognition
2019	4.00	Recognition	4.00	Recognition
2020	4.00	Recognition	4.00	Recognition
2021	4.00	Recognition	4.00	Recognition
2022	4.00	Recognition	4.00	Recognition

The Auditor has calculated the District’s Original Score for fiscal year 2023 to be 4.00, which places the District in the Financial Recognition category. Such calculation of the Original Score is preliminary and may be different from the official Original Score released by ISBE. The District expects that ISBE will release its official Original Score and its Adjusted Score in calendar year 2024.

## STATE AID

### GENERAL

On June 5, 2024, Governor Pritzker (the “*Governor*”) signed the State’s \$53.1 billion general funds budget (Public Act 103-0589) for the fiscal year ending June 30, 2025 (the “*Fiscal Year 2025 Budget*”), which included a \$211 million surplus, additional contributions to the State’s pension system and the State’s Budget Stabilization Fund, commonly referred to as the State’s “rainy day” fund, which is set to surpass \$2.3 billion, and the elimination of the State’s bill backlog. In addition, the Fiscal Year 2025 Budget increased funding for education across early childhood, K-12 and higher education by more than \$500 million.

The State provides aid to local school districts on an annual basis as part of the State’s appropriation process. Many school districts throughout the State rely on such state aid as a significant part of their budgets. For the fiscal year ended June 30, 2023, 5.77% of the District’s General Fund revenue came from State funding sources. See *Exhibit C* to this Official Statement for more information concerning the breakdown of the District’s revenue sources.

### GENERAL STATE AID—EVIDENCE-BASED FUNDING MODEL

Beginning with fiscal year 2018, general State funds (“*General State Aid*”) have, pursuant to Public Act 100-0465, been distributed to school districts under the “Evidence-Based Funding Model”. The Evidence-Based Funding Model sets forth a school funding formula that ties individual district funding to evidence-based best practices that certain research shows enhance student achievement in the classroom. Under the funding formula, ISBE will calculate an adequacy target (the “*Adequacy Target*”) each year for each district based upon its unique student population, regional wage differences and best practices. Each district will be placed in one of four tiers depending on how close the sum of its local resources available to support education

(based on certain State resources and its expected property tax collections and its Base Funding Minimum (as hereinafter defined) are to its Adequacy Target; Tier One and Tier Two for those districts that are the furthest away from their Adequacy Targets and Tier Three and Tier Four for those districts that are the closest to (or above) their Adequacy Targets. For each school year, all State funds appropriated for General State Aid in excess of the amount needed to fund the Base Funding Minimum for all school districts (*“New State Funds”*) will be distributed to districts based on tier placement. Of any New State Funds available, Tier One receives 50%, Tier Two receives 49%, Tier Three receives 0.9%, and Tier Four receives 0.1%. Tier Two includes all Tier One districts for the purpose of the allocation percentages for New State Funds.

The Fiscal Year 2025 Budget, like the prior three State budgets, appropriated General State Aid in an amount \$350 million greater than the appropriation in the prior fiscal year budget.

The Evidence-Based Funding Model also provides that each school district will be allocated at least as much in General State Aid in future years as it received in the most recently completed school year (such amount being the district’s *“Base Funding Minimum”*). The Base Funding Minimum for the District for school year 2017-2018 was \$792,420 (the *“Initial Base Funding Minimum”*). Mandated Categorical State Aid (as hereinafter defined) received by the District in fiscal year 2017, other than Mandated Categorical State Aid related to transportation and extraordinary special education, was included in the Initial Base Funding Minimum. Any New State Funds received by a district in a year become part of its Base Funding Minimum in the following year.

#### EBF FUNDING

FISCAL YEAR	BASE FUNDING MINIMUM	TIER NUMBER	AMOUNT OF NEW STATE FUNDS
2020	\$814,208	Three	\$26,154
2021 <sup>(1)</sup>	840,362	N/A	0
2022	840,362	Three	23,401
2023	865,322	Four	924
2024	866,246	Four	783

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(1) The State did not allocate New State Funds for Fiscal Year 2021.

#### PROPERTY TAX RELIEF POOL FUNDS

For the purpose of encouraging high tax rate school districts to reduce property taxes, the Evidence-Based Funding Model also established a property tax relief grant program (the *“Property Tax Relief Pool”*). School districts must apply for the grant and indicate an amount of intended property tax relief, which relief may not be greater than 1% of EAV for a unit district, 0.69% of EAV for an elementary school district or 0.31% of EAV for a high school district, reduced, in each case, based on the Local Capacity Target of the applicant. Property Tax Relief Pool grants will be allocated to school districts based on each district’s percentage of the simple average operating tax rate of all school districts of the same type (unit, elementary or high), in

order of priority from highest percentage to lowest, until the Property Tax Relief Pool is exhausted. A school district which receives a Property Tax Relief Pool grant is required to abate its property tax levy by the amount of intended property tax relief for the levy year in which the grant is to be received, and the succeeding levy year. The difference between the amount of the grant and the amount of the abatement is based on a statutory calculation which takes into account relative Local Capacity Targets. Pursuant to such calculation, a school district with a low Local Capacity Target will be required to abate less than a school district with a high Local Capacity Target, assuming the amount of Property Tax Relief Pool grants received by the school districts are the same. Property Tax Relief Pool grants received by a school district are included in future calculations of that district's Base Funding Minimum, unless that district does not abate its property tax levy by the amount of intended property tax relief as described above. Of the \$350 million of New State Funds appropriated in the Fiscal Year 2025 Budget, \$50 million was allocated to the Property Tax Relief Pool, as was done in the last three State budgets.

#### MANDATED CATEGORICAL STATE AID

Illinois school districts are entitled to reimbursement from the State for expenditures incurred in providing programs and services legally required to be available to students under State law. Such reimbursements, referred to as "*Mandated Categorical State Aid*," are made to the school district in the fiscal year following the expenditure, *provided* that the school district files the paperwork necessary to inform the State of such an entitlement. From time to time, Mandated Categorical State Aid payments from the State have been delayed and have been prorated as part of the appropriation process, as described below.

Prior to fiscal year 2018, the School Code provided for Mandated Categorical State Aid with respect to mandatory school programs relating to: (a) special education, (b) transportation, (c) free and reduced breakfast and lunch, and (d) orphanage tuition. Beginning with fiscal year 2018, Mandated Categorical State Aid is no longer the source of funding for mandatory school programs relating to special education, other than private facility tuition and transportation. Mandated Categorical State Aid received by a district in fiscal year 2017 for special education programming no longer available for Mandated Categorical State Aid in fiscal year 2018 is included in the Base Funding Minimum for that district.

In addition, although school districts are entitled to reimbursement for expenditures made under these programs, these reimbursements are subject to the State's appropriation process. In the event that the State does not appropriate an amount sufficient to fund fully the Mandated Categorical State Aid owed to each school district, the total Mandated Categorical State Aid is proportionally reduced such that each school district receives the same percentage of its Mandated Categorical State Aid request with respect to a specific category of such aid as every other school district.

In past years, the State has not fully funded all Mandated Categorical State Aid payments. Therefore, pursuant to the procedures discussed above, proportionate reductions in Mandated Categorical State Aid payments to school districts have occurred. However, because these programs are "mandatory" under the School Code, each school district must provide these programs regardless of whether such school district is reimbursed by the State for the related

expenditures. No assurance can be given that the State will make appropriations in the future sufficient to fund fully the Mandatory Categorical State Aid requirements. As such, the District's revenues may be impacted in the future by increases or decreases in the level of funding appropriated by the State for Mandated Categorical State Aid.

#### COMPETITIVE GRANT STATE AID

The State also provides funds to school districts for expenditures incurred in providing additional programs that are allowed, but not mandated by, the School Code. In contrast to Mandated Categorical State Aid, such "*Competitive Grant State Aid*" is not guaranteed to a school district that provides these programs. Instead, a school district applying for Competitive Grant State Aid must compete with other school districts for the limited amount appropriated each year by the State for such program.

Competitive Grant State Aid is allocated, after appropriation by the State, among certain school districts selected by the State. The level of funding is annually determined separately for each category of aid based on the State's budget. This process does not guarantee that any funding will be available for Competitive Grant State Aid programs, even if a school district received such funding in a prior year. Therefore, school districts may incur expenditures with respect to certain Competitive Grant State Aid programs without any guarantee that the State will appropriate the money necessary to reimburse such expenditures.

#### PAYMENT FOR MANDATED CATEGORICAL STATE AID AND COMPETITIVE GRANT STATE AID

The State makes payments to school districts for Mandated Categorical State Aid and Competitive Grant State Aid (together, "*Categorical State Aid*") in accordance with a voucher system involving ISBE. ISBE vouchers payments to the State on a periodic basis. The time between vouchers varies depending on the type of Categorical State Aid in question. For example, with respect to the categories of Mandated Categorical State Aid related to extraordinary special education and transportation, ISBE vouchers the State for payments on a quarterly basis. With respect to Competitive Grant State Aid, a payment schedule is established as part of the application process, and ISBE vouchers the State for payment in accordance with this payment schedule.

Once ISBE has vouchered the State for payment, the State is required to make the Categorical State Aid payments to the school districts. As a general matter, the State is required to make such payments within 90 days after the end of the State's fiscal year.

See *Exhibit C* for a summary of the District's general fund revenue sources.

#### FEDERAL COVID-19 FUNDS DISTRIBUTED TO THE DISTRICT

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global economies, including economic conditions in the United States. In response to the pandemic, federal legislation, particularly the (i) Coronavirus Aid, Relief, and Economic Security Act (commonly known as

ESSER I), (ii) the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (commonly known as ESSER II), and (iii) the American Rescue Plan of 2021 (commonly known as ESSER III), was enacted to provide funds to mitigate the economic downturn and health care crisis caused by COVID-19.

The amount of funds the District received from ESSER I was \$83,103. The District received additional funds in the amount of \$325,407 pursuant to ESSER II. Finally, the District has been allocated \$731,950 of ESSER III funds, which amounts are expected to be fully expended by September 2024.

## **RETIREMENT PLANS**

The District participates in two defined benefit pension plans: (i) the Teachers' Retirement System of the State of Illinois ("*TRS*"), which provides retirement benefits to the District's teaching employees, and (ii) the Illinois Municipal Retirement Fund (the "*IMRF*" and, together with TRS, the "*Pension Plans*"), which provides retirement benefits to the District's non-teaching employees. The District makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Illinois Pension Code, as amended (the "*Pension Code*").

The following summarizes certain provisions of the Pension Plans and the funded status of the Pension Plans, as more completely described in Note 10 to the Audit, as hereinafter defined, attached hereto as APPENDIX A.

### **BACKGROUND REGARDING PENSION PLANS**

#### *The Actuarial Valuation*

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards (the "*GASB Standards*") issued by the Governmental Accounting Standards Board ("*GASB*"), as described below.

In producing an actuarial valuation, the actuary for the Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.



## *GASB Standards*

The GASB Standards provide standards for financial reporting and accounting related to pension plans.

The GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset,” which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the “*Total Pension Liability*”) and the fair market value of the pension plan’s assets (referred to as the “*Fiduciary Net Position*”).

Furthermore, the GASB Standards employ a rate, referred to in such statements as the “*Discount Rate*,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

Finally, the GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer, and that an expense be recognized on the income statement of the employer.

## *Pension Plans Remain Governed by the Pension Code*

As described above, the GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the District to the Pension Plans in each year.

## TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The District participates in TRS, which is a cost-sharing multiple-employer defined benefit pension plan that was created by the General Assembly of the State (the “*General Assembly*”) for the benefit of Illinois public school teachers outside the City of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer, which includes all school districts located outside of the City of Chicago, to provide services for which teacher licensure is required.

The Pension Code sets the benefit provisions of TRS, which can only be amended by the General Assembly. The State maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System’s administration.

For information relating to the actuarial assumptions and methods used by TRS, including the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, see Note 10 to the Audit.

#### *Employer Funding of Teachers' Retirement System*

Under the Pension Code, active members contribute 9.0% of creditable earnings to TRS. The State makes the balance of employer contributions to the State on behalf of the District, except for a small portion contributed by the teacher's employer, such as the District. For the fiscal years ended June 30, 2019, through June 30, 2023, all amounts contributed by the District to TRS were as follows:

FISCAL YEAR ENDED JUNE 30	TRS CONTRIBUTION
2019	\$46,312
2020	46,400
2021	50,191
2022	58,624
2023	49,825

Source: The audited financial statements of the District for the fiscal years ended June 30, 2019, through June 30, 2023.

For information regarding additional contributions the District may be required to make to TRS with respect to certain salary increases and other programs, see Note 10 to the Audit.

#### ILLINOIS MUNICIPAL RETIREMENT FUND

The District also participates in the IMRF, which is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in the State. The IMRF is established and administered under statutes adopted by the General Assembly. The Pension Code sets the benefit provisions of the IMRF, which can only be amended by the General Assembly.

Each employer participating in the IMRF, including the District, has an employer reserve account with the IMRF separate and distinct from all other participating employers (the "*IMRF Account*") along with a unique employer contribution rate determined by the IMRF Board of Trustees (the "*IMRF Board*"), as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF's website.

See Note 10 to the Audit for additional information on the IMRF.

### *Contributions*

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The District's contribution rate for calendar year 2023 was 12.60% of covered payroll.

For the fiscal years ended June 30, 2019, through June 30, 2023, the District contributed the following amounts to IMRF:

FISCAL YEAR ENDED JUNE 30	IMRF CONTRIBUTIONS
2019	\$119,809
2020	121,772
2021	128,063
2022	130,950
2023	138,224

Source: The audited financial statements of the District for the fiscal years ended June 30, 2019, through June 30, 2023.

### *Measures of Financial Position*

The following table presents the measures of the IMRF Account's financial position as of December 31 of the years 2019 through 2023, which are presented pursuant to the GASB Standards.

CALENDAR YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2019	\$5,083,490	\$4,109,494	\$973,996	80.84%	7.25%
2020	5,236,518	4,610,264	626,254	88.04%	7.25%
2021	5,396,890	5,248,206	148,684	97.25%	7.25%
2022	5,547,041	4,382,973	1,164,068	79.01%	7.25%
2023	5,650,765	4,845,389	805,376	85.75%	7.25%

Source: Actuarial GASB Disclosures Statement 68 prepared by Gabriel, Roeder, Smith & Company as of December 31, 2019-2023.

See Note 10 to the Audit, for additional information on the IMRF.

### **TEACHER HEALTH INSURANCE SECURITY FUND**

The District participates in the Teacher Health Insurance Security Fund (the "*THIS Fund*"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that

was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of TRS.

The State maintains primary responsibility for funding, but contributions from participating employers and members are also required. For the fiscal year ended June 30, 2023, the District paid \$50,248 to the THIS Fund, which was 100% of the required contribution. For more information regarding the District's THIS Fund obligation, see Note 11 to the Audit.

### **BOND RATING**

Moody's has assigned the Bonds a rating of "Aa2." This rating reflects only the views of Moody's. An explanation of the methodology for such rating may be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement may have been furnished to Moody's by the District. There is no assurance that the rating will be maintained for any given period of time or that such rating will not be changed by Moody's if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading "LIMITED CONTINUING DISCLOSURE," the form of which is attached hereto as APPENDIX C, neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal.

### **TAX EXEMPTION**

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID Issue Price* of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the *OID Issue Price* of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the *OID Issue Price* of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an *OID Bond* in the initial public offering at the *OID Issue Price* for such maturity and who holds such *OID Bond* to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such *OID Bond* constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such *OID Bond* at its stated maturity; (c) such original issue discount is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such *OID Bonds* is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of *OID Bonds* should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such *OID Bonds*.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the *OID Issue Price* or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an *OID Bond*, its *OID Issue Price* plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond

with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### **LIMITED CONTINUING DISCLOSURE**

Because at the time of the delivery of the Bonds the District will be an "obligated person" (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the District is required to provide to the Municipal Securities Rulemaking Board (the "*MSRB*"), as specified in the Rule, annual financial information or operating data regarding the District which annual financial information and operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the District and is publicly available. Consequently, pursuant to the Rule, the District will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send the financial information to the MSRB for purposes of the Rule and to provide notice of certain events to the MSRB pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The financial information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking, attached hereto as APPENDIX C.

The District failed to timely file audited financial statements for fiscal years ended June 30, 2020, and June 30, 2021, within the time period specified in its prior undertakings with the MSRB's Electronic Municipal Market Access System ("*EMMA*"). All such obligations have now matured and no such filings have or will be made. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for the fiscal year ended June 30, 2023 (the “*Audit*”), contained in Appendix A, including the independent auditor’s report accompanying the Audit, have been prepared by Eccezion, McHenry, Illinois (the “*Auditor*”), and approved by formal action of the Board. The District has not requested the Auditor to update information contained in the Audit nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit.

## BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has an S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect



Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with

securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

#### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“*Chapman and Cutler*”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further,

Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

### **NO LITIGATION**

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the District with the other customary closing papers when the Bonds are delivered.

### **UNDERWRITING**

Pursuant to the terms of a Bond Purchase Agreement (the "*Agreement*") between the District and Raymond James & Associates, Inc., Chicago, Illinois (the "*Underwriter*"), the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$\_\_\_\_\_. The purchase price will produce an underwriting spread of \_\_\_\_% of principal amount if all Bonds are sold at the initial offering prices. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

## AUTHORIZATION

This Official Statement has been approved by the District for distribution to prospective purchasers of the Bonds. The Board, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, this Official Statement, together with any supplements thereto, as of the date hereof, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/

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Director of Business Services  
School District Number 70, Cook County,  
Illinois

September \_\_, 2024

**EXHIBIT A — COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE, FISCAL YEARS ENDED JUNE 30, 2019-2023**

	ED <sup>(1)</sup>	O&M	DEBT SERVICE	TRANS	IMRF	CAP PROJECTS	WORKING CASH	TORT	FIRE	TOTAL
Beginning Balance	\$12,306,453	\$1,597,709	\$200,569	\$620,745	\$614,374	\$183	\$2,792,489	\$176,428	\$587	\$18,309,537
Revenues	11,676,600	1,397,841	355,729	893,655	223,478	3,184	134,089	22,196	15	14,706,787
Expenditures	11,967,115	837,540	341,375	947,464	294,216	493,998	0	61,982	0	14,943,690
Net Transfers	0	(600,000)	0	0	0	600,000	0	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/19	\$12,015,938	\$1,558,010	\$214,923	\$566,936	\$543,636	\$109,369	\$2,926,578	\$136,642	\$602	\$18,072,634
Beginning Balance	\$12,015,938	\$1,558,010	\$214,923	\$566,936	\$543,636	\$109,369	\$2,926,578	\$136,642	\$602	\$18,072,634
Revenues	11,954,910	1,200,491	356,399	1,019,326	288,144	56,455	119,766	2,133	14	14,997,638
Expenditures	12,159,992	904,085	342,675	827,005	294,972	819,420	0	55,232	0	15,403,381
Net Transfers	0	0	0	0	0	1,000,000	(1,000,000)	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/20	\$11,810,856	\$1,854,416	\$228,647	\$759,257	\$536,808	\$346,404	\$2,046,344	\$83,543	\$616	\$17,666,891
Beginning Balance	\$11,810,856	\$1,854,416	\$228,647	\$759,257	\$536,808	\$346,404	\$2,046,344	\$83,543	\$616	\$17,666,891
Revenues	12,635,472	1,019,261	361,029	1,178,968	245,478	4,310	129,579	839	11	15,574,947
Expenditures	12,301,280	713,310	343,675	431,995	297,067	278,431	0	40,782	0	14,406,540
Net Transfers	0	0	0	0	0	0	0	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/21	\$12,145,048	\$2,160,367	\$246,001	\$1,506,230	\$485,219	\$72,283	\$2,175,923	\$43,600	\$627	\$18,835,298
Beginning Balance	\$12,145,048	\$2,160,367	\$246,001	\$1,506,230	\$485,219	\$72,283	\$2,175,923	\$43,600	\$627	\$18,835,298
Revenues	14,372,786	1,354,879	372,691	1,157,637	123,370	56,222	138,915	259	11	17,576,770
Expenditures	12,846,269	974,720	432,061	933,723	305,420	335,700	0	31,069	0	15,858,962
Net Transfers	0	(687,686)	87,686	0	0	600,000	0	0	0	0
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/22	\$13,671,565	\$1,852,840	\$274,317	\$1,730,144	\$303,169	\$392,805	\$2,314,838	\$12,790	\$638	\$20,553,106
Beginning Balance	\$13,671,565	\$1,852,840	\$274,317	\$1,730,144	\$303,169	\$392,805	\$2,314,838	\$12,790	\$638	\$20,553,106
Revenues	13,841,134	1,361,400	353,707	1,286,195	284,170	67,976	142,849	16	14	17,337,461
Expenditures	13,151,241	1,097,376	434,025	904,136	325,605	238,879	0	12,735	0	16,163,997
Net Transfers	0	(1,087,625)	87,625	0	0	1,000,000	0	(71)	0	(71)
Other Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Ending Balance, 6/30/23	\$14,361,458	\$1,029,239	\$281,624	\$2,112,203	\$261,734	\$1,221,902	\$2,457,687	\$0	\$652	\$21,726,499

Source: The audited financial statements of the District for the fiscal years ended June 30, 2019 - June 30, 2023.

(1) Excludes "on-behalf" payments.

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## EXHIBIT B — BUDGET VS ACTUAL, FISCAL YEAR ENDED JUNE 30, 2024

	BUDGET	ACTUAL
<b>REVENUES</b>		
OPERATING FUNDS		
Educational	\$13,685,640	\$14,172,841
O&M	1,730,977	1,638,561
Transportation	1,151,087	1,260,403
IMRF	385,861	344,379
Working Cash	136,312	183,779
Tort	0	0
TOTAL OPERATING FUNDS	\$17,089,877	\$17,599,963
NON-OPERATING FUNDS		
Debt Service	\$ 354,958	\$ 362,739
Capital Projects	10,000	81,524
Fire Prevention & Safety	10	20
TOTAL NON-OPERATING FUNDS	\$ 364,968	\$ 444,283
<b>TOTAL REVENUES</b>	\$17,454,845	\$18,044,246
<b>EXPENDITURES</b>		
OPERATING FUNDS		
Educational	\$14,088,509	\$13,859,258
O&M	1,294,510	1,278,470
Transportation	1,160,962	1,096,159
IMRF	373,822	347,242
Working Cash	0	0
Tort	0	0
TOTAL OPERATING FUNDS	\$16,917,803	\$16,581,129
NON-OPERATING FUNDS		
Debt Service	\$ 432,244	\$ 432,244
Capital Projects	1,000,000	541,617
Fire Prevention & Safety	0	0
TOTAL NON-OPERATING FUNDS	\$ 1,432,244	\$ 973,861
<b>TOTAL EXPENDITURES</b>	\$18,350,047	\$17,554,990
OPERATING TRANSFERS	\$ (87,394)	\$ (87,394)
NON-OPERATING TRANSFERS	87,394	87,394
<b>OPERATING SURPLUS</b>	\$ 84,680	\$ 931,440
<b>NON-OPERATING SURPLUS</b>	\$ (979,882)	\$ (442,184)
<b>TOTAL SURPLUS</b>	\$ (895,202)	\$ 489,256

Source: The District, based on the District's Budget and unaudited financial statements of the District for the fiscal year ended June 30, 2024.

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**EXHIBIT C — GENERAL FUND REVENUE SOURCES,  
FISCAL YEARS ENDED JUNE 30, 2019-2023**

	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2020	YEAR ENDED JUNE 30, 2021	YEAR ENDED JUNE 30, 2022	YEAR ENDED JUNE 30, 2023
Local Sources	91.39%	90.74%	88.65%	86.51%	88.77%
State Sources	6.46%	6.50%	6.37%	5.66%	5.77%
Federal Sources	<u>2.15%</u>	<u>2.76%</u>	<u>4.98%</u>	<u>7.83%</u>	<u>5.46%</u>
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The audited financial statements of the District for the fiscal years ended June 30, 2019-June 30, 2023. For purposes of this Exhibit, the General Fund includes the Educational Fund and the Operations and Maintenance Fund. Excludes "on-behalf" payments.

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**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE  
DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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***MORTON GROVE PUBLIC SCHOOL  
DISTRICT NO. 70  
MORTON GROVE, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***JUNE 30, 2023***

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of

Morton Grove Public School District No. 70

as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2023 and the respective changes in financial position – modified cash basis thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morton Grove Public School District No. 70 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter - 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 comprehensive 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.



## ***Change in Accounting Principle***

As described in Note 16 to the financial statements, during the year, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Morton Grove Public School District No. 70's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Morton Grove Public School District No. 70 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morton Grove Public School District No. 70's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

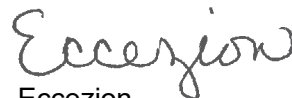
## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the average daily attendance figure included in the computation of operating expenses per pupil and per capita tuition charges, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and Schedule of Expenditures of Federal Awards 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 November 10, 2023 on our consideration of Morton Grove Public School District No. 70's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morton Grove Public School District No. 70's internal control over financial reporting and compliance.



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McHenry, Illinois  
November 10, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of

Morton Grove Public School District No. 70

as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Morton Grove Public School District No. 70's basic financial statements, and have issued our report thereon dated November 10, 2023. Our opinion was modified because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Morton Grove Public School District No. 70's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morton Grove Public School District No. 70's internal control. Accordingly, we do not express an opinion on the effectiveness of Morton Grove Public School District No. 70's internal control.

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

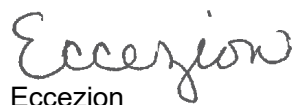
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Morton Grove Public School District No. 70's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

  
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McHenry, Illinois  
November 10, 2023

## SUPPLEMENTAL INFORMATION

**MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

The Management's Discussion and Analysis of Morton Grove Public School District No. 70's (District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023. 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.

**Overview of the Financial Statements**

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

*Government-Wide Financial Statements*

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

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

The Statement of Activities – Modified Cash Basis presents information showing how the District's net position changed during the fiscal year being reported. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

The government-wide financial statements present the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District has no business-type activities; that is, functions that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include instructional services (regular education, special education and other), supporting services, operations and maintenance, and transportation services.

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds are governmental funds (the District maintains no proprietary 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 District's near-term financing decisions. Both the governmental fund Balance Sheet – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet - Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis for the General, Operations and Maintenance, Debt Services, Transportation, Illinois Municipal Retirement/Social Security, Capital Projects, and Fire Prevention and Safety Funds, all of which the District considers to be major funds.

The District adopts an annual budget for each of the funds listed above. A budgetary comparison statement, which is supplemental information, has been provided for each fund to demonstrate compliance with this budget.

#### *Notes to the Financial Statements*

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

#### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning the District's progress in meeting its obligation to provide as fully adequate as possible educational services and extracurricular activities to all of its resident's students.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$32,449,577 at the close of the most recent fiscal year.

The following table presents a summary of the District's net position for the years ended June 30, 2023 and 2022:

Morton Grove Public School District No. 70's Net Position at Year-End		
	Governmental Activities	
	FY 2023	FY 2022
<b>Assets</b>		
Current and Other Assets	\$ 21,777,913	\$ 20,609,436
Capital Assets	12,176,354	12,367,500
<b>Total Assets</b>	<b>\$ 33,954,267</b>	<b>\$ 32,976,936</b>
<b>Liabilities</b>		
Payroll Liabilities	\$ 10,137	\$ 16,057
Long-Term Liabilities Outstanding	1,494,705	1,882,102
<b>Total Liabilities</b>	<b>\$ 1,504,842</b>	<b>\$ 1,898,159</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 12,176,354	\$ 12,367,500
Restricted	4,198,708	3,762,911
Unrestricted	16,074,515	14,948,366
<b>Total Net Position</b>	<b>\$ 32,449,577</b>	<b>\$ 31,078,777</b>

The net investment in capital assets (38% of total net position) represents assets such as land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding. The District uses its assets to provide educational services and extracurricular activities for the students of the local community. Although the District's investment in 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.

An additional portion of the District's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (49%) may be used to meet the District's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The District's net position increased by \$1,370,800.

### Governmental Activities

Governmental activities increased the District's net position by \$1,370,800. Key elements of this increase are as follows:

Morton Grove Public School District No. 70's Change in Net Position		
	Governmental Activities	
	FY 2023	FY 2022
Revenues:		
Program Revenues		
Charges for Services	\$ 323,641	\$ 209,344
Operating Grants and Contributions	5,259,497	5,349,951
Capital Grants and Contributions	50,000	50,000
General Revenues:		
Property Taxes	12,829,180	13,070,136
Other Taxes	1,492,565	1,320,589
Grants and Contributions not Restricted to Specific Activities	866,246	867,148
Unrestricted Investment Earnings	457,727	373,642
Other	305,607	285,148
Total Revenues	<u>\$ 21,584,463</u>	<u>\$ 21,525,958</u>
Expenses:		
Instruction	\$ 11,867,790	\$ 11,387,142
Support Services	5,799,454	5,711,145
Community Services	19,941	15,652
Debt Services	46,628	63,908
Intergovernmental Payments	1,854,087	1,915,277
Depreciation - Unallocated	625,763	642,385
Total Expenses	<u>\$ 20,213,663</u>	<u>\$ 19,735,509</u>
Increase/(Decrease) in Net Position	\$ 1,370,800	\$ 1,790,449
Net Position - Beginning	31,078,777	29,288,328
Net Position - Ending	<u>\$ 32,449,577</u>	<u>\$ 31,078,777</u>

Total revenues remained similar. The increase in expenses was due mainly to an increase in instruction expenditures.

### Financial Analysis of the District's Funds

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



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

As of June 30, 2023, the District's funds reported combined ending fund balances of \$21,767,928, an increase of \$1,174,549 in comparison with the prior year.

The General Fund is the chief operating fund of the District. At June 30, 2023, fund balance was \$16,860,574, of which \$16,849,216 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 97% of total General Fund expenditures and total fund balance represents 97% of total General Fund expenditures.

The General Fund's fund balance increased \$821,108 compared to prior year.

The Operations and Maintenance Fund's fund balance decreased \$823,601 in comparison with the prior year due to an increase in instruction expenditures.

The Debt Services Fund's fund balance increased \$7,307 in comparison with the prior year.

The Transportation Fund's fund balance increased \$382,059 in comparison with the prior year. This increase was the result of a decrease in expenses for transportation services.

The Illinois Municipal Retirement/Social Security Fund's fund balance decreased \$41,435 in comparison with the prior year.

The Capital Projects Fund's fund balance increased \$829,097 in comparison with the prior year due to a reduction in the amount of capital projects completed.

The Fire Prevention and Safety Fund's fund balance increased \$14 in comparison with the prior year.

### **General Fund Budgetary Highlights**

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- The difference between budgeted revenues and actual revenues was \$4,884,892 (favorable) and was mostly due to State Retirement Contributions not budgeted for.
- The difference between budgeted expenditures and actual expenditures was \$4,024,857 (unfavorable) and was due to State Retirement Contributions not budgeted for.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

At June 30, 2023, the District had invested \$12,176,354 in a broad range of capital assets, including land, buildings and improvements, equipment, food service and computer equipment, furniture and fixtures and transportation equipment. Total depreciation expense for the year was \$625,763.

Major capital asset events during the current fiscal year included the following:

- Final payments towards roof replacement project of \$141,409
- Construction in Progress of \$115,460 for elementary roofing project and a bathroom remodel

Morton Grove Public School District No. 70's Capital Assets (net of depreciation)

	Governmental Activities	
	FY 2023	FY 2022
Land	\$ 185,220	\$ 185,220
Construction in Progress	165,021	342,378
Buildings and Improvements	11,598,275	11,590,259
Equipment	216,065	220,450
Food Service Equipment	7,350	8,396
Computer Equipment	4,423	20,797
Total	<u>\$ 12,176,354</u>	<u>\$ 12,367,500</u>

Additional information on the District's capital assets can be found in note 4 in the Notes to the Financial Statements.

### *Long-Term Debt*

At June 30, 2023, the District had \$1,494,705 in long-term debt.

Morton Grove Public School District No. 70's Outstanding Debt

	Governmental Activities	
	FY 2023	FY 2022
General Obligation Bonds	\$ 895,000	\$ 1,220,000
Special Education Bond Series	599,705	662,102
Total	<u>\$ 1,494,705</u>	<u>\$ 1,882,102</u>

Significant debt activity for the year ended June 30, 2023 includes a payment of \$325,000 according to the General Obligation Bonds payment schedule and \$62,397 payments towards the Special Education Bond Series.

Additional information on the District's long-term debt can be found in note 5 in the Notes to the Financial Statements.

### **Economic Factors and Next Year's Budget**

Morton Grove Public School District No. 70 will continue to receive an increase in revenues for Fiscal year 2024 mostly due to ESSER III grant funds as well as an increase in property tax revenue. In fiscal year 2024 the District anticipates capital projects totaling approximately \$1,000,000 which has been reflected in the fiscal year 2024 budget.

### **Requests for Information**

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the District at the following address:

Morton Grove Public School District No. 70  
6200 Lake Street  
Morton Grove, IL 60053

## BASIC FINANCIAL STATEMENTS

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 21,776,064
Other Current Assets	2,001
Capital Assets:	
Land	185,220
Construction in Progress	165,020
Depreciable Buildings, Property, and Equipment, net of depreciation	<u>11,826,114</u>
Total Assets	<u>\$ 33,954,419</u>
LIABILITIES	
Payroll Liabilities	\$ 10,137
Long-Term Liabilities	
Due Within One Year	394,708
Due in More Than One Year	<u>1,099,997</u>
Total Liabilities	<u>\$ 1,504,842</u>
NET POSITION	
Net Investment in Capital Assets	\$ 12,176,354
Restricted for:	
Operations and Maintenance	713,911
Debt Service	85,122
Transportation	1,995,648
Retirement	237,248
Student Activity Fund	41,358
Unrestricted/(Deficit)	<u>16,074,515</u>
Total Net Position	<u><u>\$ 32,449,577</u></u>

The Notes to Financial Statements are an integral part of this statement.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				Governmental Activities
Instruction				
Regular Programs	\$ 5,479,783	\$ 155,036	\$ 149,343	\$ -
Special Education Programs	803,241	-	245,338	-
Special Education Programs Pre-K	119,731	-	-	-
Other Instructional Programs	1,219,118	5,825	850	-
Student Activity Fund	46,912	-	-	-
State Retirement Contributions	4,199,005	-	4,199,005	-
Support Services				
Pupil	944,201	-	30,408	-
Instructional Staff	915,690	-	-	-
General Administration	490,221	-	-	-
School Administration	625,931	-	-	-
Business	377,914	-	-	-
Facilities Acquisition and Construction Services	40,487	-	-	-
Operations and Maintenance	1,010,551	-	271,654	50,000
Transportation	905,911	-	211,592	-
Food Services	337,812	131,980	151,307	-
Central	130,964	-	-	-
Other Support Services	19,772	-	-	-
Community Services	19,941	-	-	-
Debt Services				
Interest and Fees	46,628	-	-	-
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	1,854,087	30,800	-	-
Depreciation Unallocated	625,763	-	-	-
Total Governmental Activities	<u>\$ 20,213,663</u>	<u>\$ 323,641</u>	<u>\$ 5,259,497</u>	<u>\$ 50,000</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				\$ 12,481,052
Property Taxes, Levied for Debt Service				348,128
Personal Property Replacement Taxes				1,492,565
Grants and Contributions not Restricted to Specific Activities				866,246
Unrestricted Investment Earnings				457,727
Miscellaneous Income				305,607
Total General Revenues				<u>\$ 15,951,325</u>
Change in Net Position				\$ 1,370,800
Net Position - July 1, 2022				<u>31,078,777</u>
Net Position - June 30, 2023				<u>\$ 32,449,577</u>

The Notes to Financial Statements are an integral part of this statement.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
FUND FINANCIAL STATEMENTS  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 16,870,711	\$ 1,027,390	\$ 281,624	\$ 2,112,051	\$ 261,734	\$ 1,221,902	\$ 652	\$ 21,776,064
Other Current Assets	-	1,849	-	152	-	-	-	2,001
<b>Total Assets</b>	<b>\$ 16,870,711</b>	<b>\$ 1,029,239</b>	<b>\$ 281,624</b>	<b>\$ 2,112,203</b>	<b>\$ 261,734</b>	<b>\$ 1,221,902</b>	<b>\$ 652</b>	<b>\$ 21,778,065</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Payroll Liabilities	\$ 10,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,137
<b>Total Liabilities</b>	<b>\$ 10,137</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,137</b>
<b>FUND BALANCE</b>								
Restricted								
Operations and Maintenance	\$ -	\$ 713,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 713,911
Debt Services	-	-	85,122	-	-	-	-	85,122
Transportation	-	-	-	1,995,648	-	-	-	1,995,648
Illinois Municipal Retirement Fund/Social Security	-	-	-	-	237,248	-	-	237,248
Capital Projects	-	-	-	-	-	1,125,421	-	1,125,421
Student Activity	41,358	-	-	-	-	-	-	41,358
Assigned								
Operations and Maintenance	-	315,328	-	-	-	-	-	315,328
Debt Services	-	-	196,502	-	-	-	-	196,502
Transportation	-	-	-	116,555	-	-	-	116,555
Illinois Municipal Retirement Fund/Social Security	-	-	-	-	24,486	-	-	24,486
Capital Projects	-	-	-	-	-	96,481	-	96,481
Fire Prevention and Safety	-	-	-	-	-	-	652	652
Unassigned	16,819,216	-	-	-	-	-	-	16,819,216
<b>Total Fund Balance</b>	<b>\$ 16,860,574</b>	<b>\$ 1,029,239</b>	<b>\$ 281,624</b>	<b>\$ 2,112,203</b>	<b>\$ 261,734</b>	<b>\$ 1,221,902</b>	<b>\$ 652</b>	<b>\$ 21,767,928</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 16,870,711</b>	<b>\$ 1,029,239</b>	<b>\$ 281,624</b>	<b>\$ 2,112,203</b>	<b>\$ 261,734</b>	<b>\$ 1,221,902</b>	<b>\$ 652</b>	<b>\$ 21,778,065</b>

The Notes to Financial Statements are an integral part of this statement.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE -  
MODIFIED CASH BASIS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2023

Total Fund Balances - Governmental Funds		\$ 21,767,928
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 23,741,436	
Accumulated Depreciation on Capital Assets	<u>(11,565,082)</u>	12,176,354
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
		<u>(1,494,705)</u>
Net Position of Governmental Activities		<u>\$ 32,449,577</u>

The Notes to Financial Statements are an integral part of this statement.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General Fund	Operations and Maintenance Fund	Debt Services Fund	Transportation Fund	Illinois Municipal Retirement/ Social Security Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
<b>REVENUES</b>								
Property Taxes	\$ 9,929,439	\$ 1,292,290	\$ 348,128	\$ 1,027,873	\$ 231,450	\$ -	\$ -	\$ 12,829,180
Payments in Lieu of Taxes	1,444,231	-	-	-	48,334	-	-	1,492,565
Tuition	54,078	-	-	-	-	-	-	54,078
Earnings on Investments	363,795	27,349	5,579	38,628	4,386	17,976	14	457,727
Food Services	131,980	-	-	-	-	-	-	131,980
Textbooks	106,783	-	-	-	-	-	-	106,783
Student Activity Income	47,997	-	-	-	-	-	-	47,997
Other Local Sources	257,610	30,800	-	-	-	-	-	288,410
State Aid	877,699	-	-	211,592	-	50,000	-	1,139,291
Federal Aid	818,384	10,961	-	8,102	-	-	-	837,447
State Retirement Contributions	4,199,005	-	-	-	-	-	-	4,199,005
Total Revenues	<u>\$ 18,231,001</u>	<u>\$ 1,361,400</u>	<u>\$ 353,707</u>	<u>\$ 1,286,195</u>	<u>\$ 284,170</u>	<u>\$ 67,976</u>	<u>\$ 14</u>	<u>\$ 21,584,463</u>
<b>EXPENDITURES</b>								
Current								
Instruction								
Regular Programs	\$ 5,414,237	\$ -	\$ -	\$ -	\$ 65,546	\$ -	\$ -	\$ 5,479,783
Special Education Programs	774,496	-	-	-	28,745	-	-	803,241
Special Education Programs Pre-K	114,163	-	-	-	5,568	-	-	119,731
Other Instructional Programs	1,203,432	-	-	-	15,686	-	-	1,219,118
Student Activity Fund	46,912	-	-	-	-	-	-	46,912
State Retirement Contributions	4,199,005	-	-	-	-	-	-	4,199,005
Support Services								
Pupil	920,405	-	-	-	23,796	-	-	944,201
Instructional Staff	876,866	-	-	-	38,824	-	-	915,690
General Administration	486,157	-	-	-	4,064	-	-	490,221
School Administration	604,254	-	-	-	21,677	-	-	625,931
Business	337,149	-	-	-	40,765	-	-	377,914
Facilities Acquisition and Construction Services	-	40,487	-	-	-	-	-	40,487
Operations and Maintenance	62,879	910,712	-	-	36,960	-	-	1,010,551
Transportation	1,396	-	-	904,136	379	-	-	905,911
Food Services	308,294	-	-	-	29,518	-	-	337,812
Central	116,897	-	-	-	14,067	-	-	130,964
Other Support Services	19,772	-	-	-	-	-	-	19,772
Community Services	19,931	-	-	-	10	-	-	19,941
Debt Services								
Principal	-	-	387,397	-	-	-	-	387,397
Interest and Fees	-	-	46,628	-	-	-	-	46,628
Capital Outlay	49,561	146,177	-	-	-	238,879	-	434,617
Intergovernmental Payments								
Payments to Other Districts and Governmental Units	1,854,087	-	-	-	-	-	-	1,854,087
Total Expenditures	<u>\$ 17,409,893</u>	<u>\$ 1,097,376</u>	<u>\$ 434,025</u>	<u>\$ 904,136</u>	<u>\$ 325,605</u>	<u>\$ 238,879</u>	<u>\$ -</u>	<u>\$ 20,409,914</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 821,108	\$ 264,024	\$ (80,318)	\$ 382,059	\$ (41,435)	\$ (170,903)	\$ 14	\$ 1,174,549
OTHER FINANCING SOURCES (USES)								
Interfund Transfers	-	(1,087,625)	87,625	-	-	1,000,000	-	-
NET CHANGE IN FUND BALANCES	\$ 821,108	\$ (823,601)	\$ 7,307	\$ 382,059	\$ (41,435)	\$ 829,097	\$ 14	\$ 1,174,549
FUND BALANCE - JULY 1, 2022	16,039,466	1,852,840	274,317	1,730,144	303,169	392,805	638	20,593,379
FUND BALANCE - JUNE 30, 2023	<u>\$ 16,860,574</u>	<u>\$ 1,029,239</u>	<u>\$ 281,624</u>	<u>\$ 2,112,203</u>	<u>\$ 261,734</u>	<u>\$ 1,221,902</u>	<u>\$ 652</u>	<u>\$ 21,767,928</u>

The Notes to Financial Statements are an integral part of this statement.



MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
FUND FINANCIAL STATEMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS TO THE  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 1,174,549

Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (625,763)	
Capital Outlay	<u>434,617</u>	
		(191,146)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis, but the repayment reduces long-term liabilities in the Statement of Net Position - Modified Cash Basis and is therefore not reported in the Statement of Activities - Modified Cash Basis.

Repayment of Long-Term Debt		<u>387,397</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 1,370,800</u></u>
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The Notes to Financial Statements are an integral part of this statement.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Morton Grove Public School District No. 70 (District) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the District are discussed below.

**A. Reporting Entity**

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units. In addition, the District is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

**B. *Basic Financial Statements – Government-Wide Financial Statements***

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund (reporting the District's major funds) financial statements. Both the government-wide and fund financial statements categorize all of the primary activities of the District as governmental activities. The District does not have any business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (regular programs, special education programs, payments to other districts and governmental units, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenues (property taxes, personal property replacement taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The District does not allocate indirect costs.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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.

### C. *Basic Financial Statements – 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, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of all governmental funds) for the determination of major funds. The District electively made all governmental funds major funds.

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 – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Educational, Working Cash, and Tort are included in this fund.

This fund also includes activity funds held and controlled by the District, under the direction of district personnel, and administrative involvement of the board of education.

Special Revenue Funds – The Special Revenue Funds (Operations and Maintenance Fund, Transportation Fund, and Illinois Municipal Retirement/Social Security Fund) are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service and capital projects.

Debt Services Fund – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest, and related fees on general long-term debt.

Capital Projects Funds – The Capital Projects Funds (Capital Projects Fund and Fire Prevention and Safety Fund) are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and fire prevention and safety projects.

### D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## NOTES TO FINANCIAL STATEMENTS (Continued)

As a result of the use of the 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 or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

### E. *Budgetary Process*

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

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

### F. *Cash and Cash Equivalents and Investments*

State statutes require the District to use treasury services of the Township School Treasurer and authorize the District's treasurer to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, and money market mutual funds registered under the Investment Company Act of 1940 with certain restrictions.

Separate bank accounts are not maintained for all district funds. Instead, the funds maintain their cash balances in common accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action.

No District fund had a cash overdraft at June 30, 2023.

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### G. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the District's inventories is not deemed to be material.

### H. *Interfund Activity*

Interfund activity is reported either 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. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

### I. *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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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 expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and Improvements	20 - 50	years
Vehicles	5	years
Computer Equipment	5	years
Equipment	10	years
Furniture and Fixtures	10	years
Food Service Equipment	10	years

### J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Statement of Assets, Liabilities, and Fund Balance(s) and Statement(s) of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

### K. *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 – Modified Cash Basis. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as they are incurred.

In the fund financial statements, governmental funds 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### L. *Government-Wide Net Position*

Government-wide fund net position is divided into three components:

- Net investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – the remaining position is reported in this category.

### M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The District has not delegated this authority to an appointed body or official.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects or debt service fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself. All assigned fund balances are the residual amounts of the fund.

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### N. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2022 tax levy was passed by the Board on December 12, 2022. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year and are payable in two installments early in March and early in September of the following calendar year. The District receives significant distributions of tax receipts approximately one month after these dates.

### O. *Right-To-Use Assets*

The District recognizes a right-to-use liability and asset for various lease and subscription-based IT agreements right-to-use assets (right-to-use asset) in the government-wide financial statements.

At the commencement of a lease or subscription-based IT agreement, the District initially measures the right-to-use liability at the present value of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the principal portion payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the term of the lease or subscription-based IT agreement. Key estimates and judgments related to leases or subscription-based IT agreements include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases or subscription-based IT agreements.

The term includes the noncancellable period of the lease or subscription-based IT agreement. Payments included in the measurement of the right-to-use liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with Capital Assets and right-to-use liabilities are reported with Long Term Liabilities on the Statement of Net Position. As of June 30, 2023 the District does not have any agreements that fall under these standards.

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

As explained in Note 1, the Illinois Compiled Statutes require the District to utilize the investment services of the Township School Treasurer (the Treasurer). As such, the Treasurer is the lawful custodian of these school funds. The Treasurer is appointed by the Township Treasurer's Board of Trustees. The investment policies are established by the Treasurer, as prescribed by the Illinois Compiled Statutes.

The Treasurer is the direct recipient of property taxes, replacement taxes, and most state and federal aid, and disburses school funds upon lawful order to the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below.

District cash and investments (other than the student activity and petty cash funds) are part of a common pool for all the school districts and cooperatives within the township. The Treasurer maintains records that segregate the cash and investments balances by district or cooperative. Income from investments

## NOTES TO FINANCIAL STATEMENTS (Continued)

is distributed based upon the district's percentage participation in the pool. Cash for all funds, including cash applicable to the Debt Services Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's office operates as a nonrated, external investment pool. The fair value of the District's investment in the Treasurer's pool is determined by the District's proportionate share of the fair value of the investments held by the Treasurer's office.

The weighted-average maturity of all pooled marketable investments held by the Treasurer was 6.75 years at June 30, 2023. The Treasurer also holds money-market type investments and deposits with financial institutions, including certificates of deposit. As of the same date, the fair value of all investments held by the Treasurer's office was \$394,118,121 and the fair value of the District's proportionate share of the cash and investments held by the Treasurer's office was \$19,163,836 at June 30, 2023.

### Interest Rate Risk

The District's investment policy, which is the same as the Treasurer's office, aims to ensure preservation of capital in the District's overall portfolio. The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles. The investment portfolio is required to provide sufficient liquidity to pay District obligations as they come due, considering maturity and investments, as appropriate to the nature, purpose and amount of funds. The District will also consider investments in local financial institutions, recognizing their contribution to the community's economic development.

### Cash and Investments in the Custody of the District

At June 30, 2023, the carrying value of the District's activity fund was \$41,358, all of which was deposited with financial institutions. The District also maintains \$2,000 in an imprest account.

### Custodial Credit Risk

With respect to deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. At June 30, 2023, the District had \$0 deposited with a financial institution which was uncollateralized and uninsured.

## **NOTE 3 - FAIR VALUE MEASUREMENT**

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

The District has the following recurring fair value measurements as of June 30, 2023:

- Municipal Bonds (Level 2 inputs) and U.S. Government backed debt (Level 1 inputs) backed debt are valued using quoted market prices

## **NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:



## NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 185,220	\$ -	\$ -	\$ 185,220
Construction In Progress	342,378	165,021	342,378	165,021
Total Capital Assets not being Depreciated	<u>\$ 527,598</u>	<u>\$ 165,021</u>	<u>\$ 342,378</u>	<u>\$ 350,241</u>
Other Capital Assets				
Buildings and Improvements	\$ 20,914,471	\$ 544,652	\$ -	\$ 21,459,123
Equipment	963,783	67,322	-	1,031,105
Food Service Equipment	10,465	-	-	10,465
Computer Equipment	862,686	-	-	862,686
Vehicles	27,816	-	-	27,816
Total Other Capital Assets at Historical Cost	<u>\$ 22,779,221</u>	<u>\$ 611,974</u>	<u>\$ -</u>	<u>\$ 23,391,195</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 9,324,212	\$ 536,636	\$ -	\$ 9,860,848
Equipment	743,333	71,707	-	815,040
Food Service Equipment	2,069	1,046	-	3,115
Computer Equipment	841,889	16,374	-	858,263
Vehicles	27,816	-	-	27,816
Total Accumulated Depreciation	<u>\$ 10,939,319</u>	<u>\$ 625,763</u>	<u>\$ -</u>	<u>\$ 11,565,082</u>
Other Capital Assets, Net	<u>\$ 11,839,902</u>	<u>\$ (13,789)</u>	<u>\$ -</u>	<u>\$ 11,826,113</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,367,500</u>	<u>\$ 151,232</u>	<u>\$ 342,378</u>	<u>\$ 12,176,354</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
Unallocated	<u>\$ 625,763</u>
Total Governmental Activities Depreciation Expense	<u>\$ 625,763</u>

Net Investment in capital asset calculation as of June 30, 2023 was as follows:

<b>Governmental Activities</b>	
Capital Assets, Net of Accumulated Depreciation	\$ 12,176,354
Less:	
Capital Related Debt	-
Unspent Debt Proceeds	-
Investment in Capital Assets	<u>\$ 12,176,354</u>

## NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Retirement	Balance June 30, 2023	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Tax School Bonds					
2016 G.O. Limited Tax Bonds	\$ 1,220,000	\$ -	\$ 325,000	\$ 895,000	\$ 330,000
2021 Special Education Bond Series	662,102	-	62,397	599,705	64,708
Governmental Activities Long-Term Liabilities	<u>\$ 1,882,102</u>	<u>\$ -</u>	<u>\$ 387,397</u>	<u>\$ 1,494,705</u>	<u>\$ 394,708</u>

Bonds and notes payable consisted of the following at June 30, 2023:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
2016 General Obligation Limited Tax Bonds	6/28/2026	2.00% - 3.00%	\$ 2,700,000	\$ 895,000
2021 Special Education Bond Series	12/1/2030	2.00% - 5.00%	715,255	599,705

## NOTES TO FINANCIAL STATEMENTS (Continued)

At June 30, 2023 annual debt service requirements to service long-term debt are:

Year Ending June 30	Principal	Interest	Total
2024	\$ 394,708	\$ 37,286	\$ 431,994
2025	403,175	27,978	431,153
2026	300,486	19,555	320,041
2027	72,797	14,390	87,187
2028	76,263	11,408	87,671
2029-2031	247,276	15,045	262,321
	<u>\$ 1,494,705</u>	<u>\$ 125,662</u>	<u>\$ 1,620,367</u>

The District defeased Tax School Bonds, Series 2014 by placing the proceeds of the 2016 bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023 \$670,000 of defeased bonds remained outstanding.

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Debt Services Fund
Special Education Bond Series	Debt Services Fund

### NOTE 6 - INTERFUND LOANS

There are no outstanding interfund loans at June 30, 2023.

### NOTE 7 - DEFICIT FUND BALANCE

No District fund had a deficit fund balance at June 30, 2023.

### NOTE 8 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2022 levy (\$6,809,287) and 2021 and prior levies (\$6,019,893). A summary of the assessed valuations, rates, and extensions for tax years 2022, 2021, and 2020 is as follows:

Assessed Valuation	2022 \$423,235,960		2021 \$344,240,208		2020 \$377,939,705	
	Rate	Extension	Rate	Extension	Rate	Extension
Educational	2.1861	\$ 9,255,726	2.5882	\$ 8,910,593	2.4413	\$ 9,226,642
Special Education	0.2830	1,197,757	0.3446	1,186,251	0.3104	1,173,125
Operations and Maintenance	0.3451	1,460,587	0.3658	1,259,230	0.3234	1,222,257
Debt Service	0.0863	365,295	0.1066	366,870	0.0969	366,225
Transportation	0.2554	1,080,944	0.3145	1,082,635	0.2069	781,957
Municipal Retirement	0.0230	97,344	0.0141	48,537	0.0026	9,826
Social Security	0.0460	194,688	0.0422	145,269	0.0026	9,826
Working Cash	0.0230	97,344	0.0281	96,731	0.0259	97,886
Levy Adjustment	0.0153	77,433	0.0156	53,860	-	-
	<u>3.2632</u>	<u>\$13,827,119</u>	<u>3.8197</u>	<u>\$13,149,976</u>	<u>3.4100</u>	<u>\$12,887,744</u>

### NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2023, expenditures in the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 13,385,036	\$ 17,409,893	\$ 4,024,857

## NOTES TO FINANCIAL STATEMENTS (Continued)

The General Fund was over budget due to state retirement contributions that were not budgeted for.

### **NOTE 10 - RETIREMENT FUND COMMITMENTS**

#### *A. Teachers' Retirement System of the State of Illinois*

##### *General Information About the Pension Plan*

###### 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 be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/acfrs/fy2022>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

###### Benefits Provided

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

Tier II members qualify for retirement benefits at age 67 with ten years of service, or a discounted annuity can be paid at age 62 with ten 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 highest four. Disability provisions for Tier II are identical to those of Tier I. Death benefits are payable under a formula that is different from Tier I.

Essentially all Tier I retirees receive an annual 3% increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier II annual increases will be the lesser of 3% of the original benefit or ½% of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier III hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2020. Public Act 100-0587, enacted in 2018, requires TRS to offer two temporary benefit buyout programs that expire on June 30, 2026. One program allows retiring Tier 1 members to receive a partial lump-sum payment in exchange for accepting a lower, delayed annual increase. The other allows inactive vested Tier 1 and 2 members to receive a partial lump-sum payment in lieu of a retirement annuity. Both programs began in 2019 and will be funded by bonds issued by the state of Illinois.

## NOTES TO FINANCIAL STATEMENTS (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% of the total actuarial liabilities of the System by the end of fiscal year 2045.

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2023 was 9.0% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$4,131,682 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2023 were \$43,498.

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

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

For the year ended June 30, 2023, the District pension contribution was 10.49% of salaries paid from federal and special trust funds. For the year ended June 30, 2023, salaries totaling \$60,319 were paid from federal and special trust funds that required District contributions of \$6,327.

Employer Retirement Cost Contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members granted salary increases over 6% if those salaries are used to calculate a retiree's final average salary.

A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2023, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

### *B. Illinois Municipal Retirement Fund*

#### Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by

## NOTES TO FINANCIAL STATEMENTS (Continued)

statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at [www.imrf.org](http://www.imrf.org).

### 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 ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

### Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	27
	<hr/>
	126

### Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2023 and 2022 was 12.60% and 14.73%, respectively. For the fiscal year ended June 30, 2023, the District contributed \$138,224 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### C. Social Security

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

### **NOTE 11 - POST EMPLOYMENT BENEFIT COMMITMENTS**

#### *Teacher Health Insurance Security Fund (THIS)*

##### Plan Description

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

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

##### Benefits Provided

The State of Illinois offers comprehensive health plan options, all of which include prescription drug and behavioral health coverage. The State of Illinois offers TCHP, HMO, and OAP plans.

- Teachers' Choice Health Plan (TCHP) benefit recipients can choose any physician or hospital for medical services; however, benefit recipients receive enhanced benefits, resulting in lower out-of-pocket costs, when receiving services from a TCHP in-network provider. TCHP has a nationwide network and includes CVS/Caremark for prescription drug benefits and Magellan Behavioral Health for behavioral health services.
- Health Maintenance Organizations (HMO) benefit recipients are required to stay within the health plan provider network. No out-of-network services are available. Benefit recipients will need to select a primary care physician (PCP) from a network of participating providers. The PCP will direct all healthcare services and make referrals to specialists and hospitalization.
- Open Access Plan (OAP) benefit recipients will have three tiers of providers from which to choose to obtain services. The benefit level is determined by the tier in which the healthcare provider is contracted.
  - Tier I offers a managed care network which provides enhanced benefits and operates like an HMO.
  - Tier II offers an expanded network of providers and is a hybrid plan operating like an HMO and PPO.
  - Tier III covers all providers which are not in the managed care networks of Tiers I or II (i.e., out-of-network providers). Using Tier III can offer benefit recipients flexibility in selecting healthcare providers but involves higher out-of-pocket costs. Furthermore, benefit recipients

## NOTES TO FINANCIAL STATEMENTS (Continued)

who use out-of-network providers will be responsible for any amount that is over and above the charges allowed by the plan for services (i.e., allowable charges), which could result in substantial out-of-pocket costs. Benefit recipients enrolled in an OAP can mix and match providers and tiers.

### Contributions

For the fiscal year ended June 30, 2023, the State Employees Group Insurance Act of 1971 (5ILCS 375/6.6) requires that all active contributors of the TRS, who are not employees of a department, make contributions to the plan at a rate of 0.90% of salary and for every employer of a teacher to contribute an amount equal to 0.67% of each teacher's salary. For the fiscal year ended June 30, 2022 the employee contribution was 0.9% of salary and the employer contribution was 0.67% of each teacher's salary. The Department determines, by rule, the percentage required, which each year shall not exceed 105% of the percentage of salary actually required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act (40 ILCS 15/1.3), there is appropriated, on a continuing annual basis, from the General Revenue Fund, an account of the General Fund, to the State Comptroller for deposit in the Teachers' Health Insurance Security Fund (THIS), an amount equal to the amount certified by the Board of Trustees of TRS as the estimated total amount of contributions to be paid under 5 ILCS 376/6.6(a) in that fiscal year. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer. Total employer contributions for the fiscal year ended June 30, 2023 were \$50,248.

On-Behalf Contributions to THIS. The State of Illinois makes employer benefit contributions on behalf of the District. For the year ended June 30, 2023, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net OPEB liability associated with the District, and the District recognized revenue and expenditures of \$67,323 in benefit contributions from the State of Illinois.

### **NOTE 12 - INTERFUND TRANSFERS**

The District had the following interfund transfers during the year ended June 30, 2023:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Operations and Maintenance Fund	Capital Projects Fund	\$ 1,000,000
Operations and Maintenance Fund	Debt Services Fund	87,625

The District transferred monies to the Capital Project Fund in order to fund future capital projects and the transfer to the Debt Services Fund was to fund the Special Education Bonds.

### **NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. To ensure against these losses, the District carries commercial insurance for these risks of loss. Settled claims have not exceed this commercial coverage in any of the past three fiscal years. During the year ended June 30, 2023 there was no significant reductions in coverage.

### **NOTE 14 - CONTINGENCIES**

The District is currently dealing with property tax objections, none of which were finalized by year-end. The objectors allege that the District's tax rates for a number of funds are illegally excessive for various reasons. The District is unable to estimate any future liability.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 15 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.9% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2022 EAV	\$ 423,235,960
Rate	6.9%
Debt Margin	\$ 29,203,281
Current Debt	1,494,705
Remaining Debt Margin	<u>\$ 27,708,576</u>

### NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

The District has implemented GASB 96, *Subscription-Based Information Technology Arrangements*. This statement establishes financial reporting standards related to subscription-based information technology arrangements. Implementation of this standard resulted in recognizing the fair market value of the liability and asset at the commencement of the agreement. There have been no changes to the previously issued audited financial statements which would be required on a retrospective basis.

### NOTE 17 - JOINT VENTURE – NILES TOWNSHIP DISTRICT FOR SPECIAL EDUCATION (NTDSE)

The District and several other districts within Niles Township have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (accrual basis) of NTDSE at June 30, 2022 (the most recent information available) is as follows:

Assets and Deferred Outflow s	<u>\$ 39,853,041</u>
Liabilities and Deferred Inflow s	<u>\$ (21,436,257)</u>
Fund Equity	<u>18,416,784</u>
	<u>\$ (3,019,473)</u>
Revenues Received	<u>\$ 18,538,428</u>
Expenditures Disbursed	<u>13,678,241</u>
Net Increase/(Decrease) in Fund Balance	<u>\$ 4,860,187</u>

Complete financial statements for NTDSE can be obtained from the Administrative Offices at 8701 Menard Ave., Morton Grove, IL 60053

### NOTE 18 - TAX ABATEMENTS

The District entered into an intergovernmental agreement with the Village of Morton Grove in January 2000 in connection with the adoption of a Tax Increment Financing (TIF) District. Certain areas designated for redevelopment are generating incremental property taxes and the Village of Morton Grove agreed to pass certain amounts of these funds on to the District. The amount of property taxes that the District has not received or has abated for fiscal year 2023 was estimated to be \$312,000. Per the agreement, the District received approximately \$234,000 from the Village in lieu of these abated taxes in fiscal year 2023.

### NOTE 19 - CONSTRUCTION COMMITMENTS

The District had construction commitments of \$297,130 as of June 30, 2023 for the elementary roofing project.



## SUPPLEMENTAL INFORMATION

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Property Taxes	\$ 9,849,650	\$ 9,929,439
Payments in Lieu of Taxes	945,502	1,444,231
Tuition	73,275	54,078
Earnings on Investments	280,564	363,795
Food Services	101,000	131,980
Textbooks	110,000	106,783
Student Activity Income	37,700	47,997
Other Local Sources	248,383	257,610
State Aid		
Evidence Based Funding	866,246	866,246
Special Education	-	10,218
State Free Lunch and Breakfast	1,000	385
Other Restricted Revenue from State Sources	-	850
Federal Aid		
Food Service	85,000	150,922
Title I	87,729	93,250
Title IV	27,238	22,216
Federal Special Education	214,825	235,120
Title III - English Language Acquisition	30,855	18,980
Title II - Teacher Quality	19,002	14,897
Medicaid Matching Funds - Administrative Outreach	-	20,185
Medicaid Matching Funds - Fee-for-Service Program	-	10,223
Other Federal Aid	368,140	252,591
State Retirement Contributions	-	4,199,005
<b>Total Revenues</b>	<b>\$ 13,346,109</b>	<b>\$ 18,231,001</b>
<b>EXPENDITURES</b>		
Instruction		
Regular Programs		
Salaries	\$ 4,581,131	\$ 4,400,804
Employee Benefits	711,496	693,937
Purchased Services	73,075	109,189
Supplies and Materials	253,900	202,989
	<b>\$ 5,629,602</b>	<b>\$ 5,414,237</b>
Special Education Programs		
Salaries	\$ 630,036	\$ 628,704
Employee Benefits	80,435	87,973
Purchased Services	7,000	5,506
Supplies and Materials	2,500	5,329
	<b>\$ 719,971</b>	<b>\$ 727,512</b>
Special Education Programs Pre-K		
Salaries	\$ 97,563	\$ 97,540
Employee Benefits	16,681	16,623
	<b>\$ 114,244</b>	<b>\$ 114,163</b>
Remedial and Supplemental Programs K-12		
Salaries	\$ 517,739	\$ 614,237
Employee Benefits	70,910	81,929
Supplies and Materials	2,500	2,932
	<b>\$ 591,149</b>	<b>\$ 699,098</b>
Interscholastic Programs		
Salaries	\$ 72,275	\$ 83,394
Employee Benefits	903	1,101
Purchased Services	10,195	9,989
Other Objects	10,800	9,458
	<b>\$ 95,673</b>	<b>\$ 104,827</b>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Instruction (Continued)		
Summer School Programs		
Salaries	\$ 35,457	\$ 56,453
Employee Benefits	270	6,032
Supplies and Materials	1,300	704
	<u>\$ 37,027</u>	<u>\$ 63,189</u>
Bilingual Programs		
Salaries	\$ 312,657	\$ 312,657
Employee Benefits	19,981	19,896
Purchased Services	-	3,250
Supplies and Materials	1,000	515
	<u>\$ 333,638</u>	<u>\$ 336,318</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ -	\$ 46,984
	<u>\$ -</u>	<u>\$ 46,984</u>
Student Activity Fund	\$ 37,700	\$ 46,912
State Retirement Contributions	\$ -	\$ 4,199,005
Total Instruction	<u>\$ 7,559,004</u>	<u>\$ 11,752,245</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 170,879	\$ 170,879
Employee Benefits	25,546	25,412
Purchased Services	8,453	7,600
Supplies and Materials	1,000	573
	<u>\$ 205,878</u>	<u>\$ 204,464</u>
Guidance Services		
Supplies and Materials	\$ 10,000	\$ 278
	<u>\$ 10,000</u>	<u>\$ 278</u>
Health Services		
Salaries	\$ 77,110	\$ 77,987
Employee Benefits	436	349
Purchased Services	750	490
Supplies and Materials	2,000	1,153
	<u>\$ 80,296</u>	<u>\$ 79,979</u>
Psychological Services		
Salaries	\$ 183,760	\$ 183,760
Employee Benefits	32,686	32,291
Purchased Services	210,487	177,095
Supplies and Materials	250	2,532
	<u>\$ 427,183</u>	<u>\$ 395,678</u>
Speech Pathology and Audiology Services		
Salaries	\$ 182,432	\$ 182,433
Employee Benefits	49,101	48,832
Supplies and Materials	1,500	1,006
	<u>\$ 233,033</u>	<u>\$ 232,271</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Other Support Services - Pupil		
Purchased Services	\$ 600	\$ 4,438
Supplies and Materials	2,600	2,947
Other Objects	2,500	350
	<u>\$ 5,700</u>	<u>\$ 7,735</u>
Total Support Services - Pupil	<u>\$ 962,090</u>	<u>\$ 920,405</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 20,000	\$ 20,757
Purchased Services	119,305	101,619
Supplies and Materials	1,000	3,247
	<u>\$ 140,305</u>	<u>\$ 134,239</u>
Educational Media Services		
Salaries	\$ 325,878	\$ 322,744
Employee Benefits	62,824	67,465
Purchased Services	201,000	196,280
Supplies and Materials	169,800	106,398
Non-Capitalized Equipment	15,000	31,180
	<u>\$ 774,502</u>	<u>\$ 724,067</u>
Assessment and Testing		
Purchased Services	\$ 30,000	\$ 18,560
	<u>\$ 30,000</u>	<u>\$ 18,560</u>
Total Support Services - Instructional Staff	<u>\$ 944,807</u>	<u>\$ 876,866</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 79,045	\$ 79,522
Supplies and Materials	1,500	2,014
Other Objects	5,664	6,008
	<u>\$ 86,209</u>	<u>\$ 87,544</u>
Executive Administration Services		
Salaries	\$ 184,324	\$ 183,779
Employee Benefits	29,789	26,389
Purchased Services	14,000	7,955
Supplies and Materials	2,000	2,574
Other Objects	3,000	1,981
	<u>\$ 233,113</u>	<u>\$ 226,702</u>
Special Area Administrative Services		
Salaries	\$ 83,516	\$ 83,517
Employee Benefits	16,235	16,232
Purchased Services	4,000	159
Other Objects	1,000	239
	<u>\$ 104,751</u>	<u>\$ 110,104</u>
Tort Immunity Services		
Purchased Services	\$ 72,175	\$ 61,807
	<u>\$ 72,175</u>	<u>\$ 61,807</u>
Total Support Services - General Administration	<u>\$ 496,248</u>	<u>\$ 486,157</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Salaries	\$ 502,336	\$ 496,283
Employee Benefits	94,609	90,308
Purchased Services	16,498	17,013
Other Objects	1,500	650
	<u>\$ 614,943</u>	<u>\$ 604,254</u>
Total Support Services - School Administration	<u>\$ 614,943</u>	<u>\$ 604,254</u>
Business		
Direction of Business Support Services		
Salaries	\$ 68,063	\$ 67,815
Employee Benefits	15,173	14,771
Purchased Services	2,000	2,039
	<u>\$ 85,236</u>	<u>\$ 84,625</u>
Fiscal Services		
Salaries	\$ 130,942	\$ 130,695
Employee Benefits	36,477	35,766
Purchased Services	80,471	85,423
Other Objects	550	640
	<u>\$ 248,440</u>	<u>\$ 252,524</u>
Total Support Services - Business	<u>\$ 333,676</u>	<u>\$ 337,149</u>
Operations and Maintenance		
Employee Benefits	\$ 2,815	\$ 2,791
Purchased Services	56,962	60,088
Total Support Services - Operations and Maintenance	<u>\$ 59,777</u>	<u>\$ 62,879</u>
Transportation		
Employee Benefits	\$ 1,407	\$ 1,396
Total Support Services - Transportation	<u>\$ 1,407</u>	<u>\$ 1,396</u>
Food Services		
Salaries	\$ 181,418	\$ 182,796
Employee Benefits	34,377	25,142
Purchased Services	5,464	1,235
Supplies and Materials	115,000	98,355
Other Objects	755	766
Total Support Services - Food Services	<u>\$ 337,014</u>	<u>\$ 308,294</u>
Central		
Information Services		
Purchased Services	\$ 37,728	\$ 39,937
Supplies and Materials	500	-
	<u>\$ 38,228</u>	<u>\$ 39,937</u>
Data Processing Services		
Salaries	\$ 71,270	\$ 66,270
Employee Benefits	10,832	10,690
	<u>\$ 82,102</u>	<u>\$ 76,960</u>
Total Support Services - Central	<u>\$ 120,330</u>	<u>\$ 116,897</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Purchased Services	\$ 19,587	\$ 18,820
Supplies and Materials	1,000	952
Total Support Services - Other Support Services	<u>\$ 20,587</u>	<u>\$ 19,772</u>
Total Support Services	<u>\$ 3,890,879</u>	<u>\$ 3,734,069</u>
Community Services		
Purchased Services	\$ 17,012	\$ 7,282
Supplies and Materials	2,316	4,357
Total Community Services	<u>\$ 19,328</u>	<u>\$ 19,931</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 167,844	\$ 169,223
Other Objects	140,281	139,041
	<u>\$ 308,125</u>	<u>\$ 308,264</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 308,125</u>	<u>\$ 308,264</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 1,607,700	\$ 1,545,823
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,607,700</u>	<u>\$ 1,545,823</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 1,915,825</u>	<u>\$ 1,854,087</u>
Total Intergovernmental Payments	<u>\$ 1,915,825</u>	<u>\$ 1,854,087</u>
Total Expenditures	<u>\$ 13,385,036</u>	<u>\$ 17,409,893</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,167)	\$ 821,108
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (38,167)</u></u>	\$ 821,108
FUND BALANCE - JULY 1, 2022		<u>16,039,466</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 16,860,574</u></u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 1,217,047	\$ 1,292,290
Earnings on Investments	35,445	27,349
Other Local Sources	30,000	30,800
State Aid		
Other Federal Aid	10,961	10,961
Total Revenues	<u>\$ 1,293,453</u>	<u>\$ 1,361,400</u>
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 90,000	\$ 40,487
Total Support Services - Facilities Acquisition and Construction Services	<u>\$ 90,000</u>	<u>\$ 40,487</u>
Operations and Maintenance		
Salaries	\$ 216,087	\$ 232,690
Employee Benefits	38,108	41,153
Purchased Services	458,714	304,679
Supplies and Materials	285,400	263,689
Non-Capitalized Equipment	100,000	68,161
Total Support Services - Operations and Maintenance	<u>\$ 1,098,309</u>	<u>\$ 910,712</u>
Total Support Services	<u>\$ 1,188,309</u>	<u>\$ 951,199</u>
Capital Outlay		
Support Services		
Operations and Maintenance	\$ 50,000	\$ 146,177
Total Capital Outlay	<u>\$ 50,000</u>	<u>\$ 146,177</u>
Total Expenditures	<u>\$ 1,238,309</u>	<u>\$ 1,097,376</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 55,144	\$ 264,024
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>(1,087,625)</u>	<u>(1,087,625)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,032,481)</u>	\$ (823,601)
FUND BALANCE - JULY 1, 2022		<u>1,852,840</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 1,029,239</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
DEBT SERVICES FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 354,385	\$ 348,128
Earnings on Investments	4,681	5,579
Total Revenues	<u>\$ 359,066</u>	<u>\$ 353,707</u>
EXPENDITURES		
Debt Services		
Interest		
Corporate Personal Property Replacement Tax Anticipation Notes		
Other Objects	\$ 21,150	\$ -
Other Interest on Long-Term Debt		
Other Objects	350,228	46,378
Total Debt Services - Interest	<u>\$ 371,378</u>	<u>\$ 46,378</u>
Payments of Principal on Long-Term Debt		
Other Objects	\$ 62,397	\$ 387,397
Total Debt Services - Payment of Principal on Long-Term Debt	<u>\$ 62,397</u>	<u>\$ 387,397</u>
Other		
Other Objects	\$ 250	\$ 250
Total Debt Services - Other	<u>\$ 250</u>	<u>\$ 250</u>
Total Debt Services	<u>\$ 434,025</u>	<u>\$ 434,025</u>
Total Expenditures	<u>\$ 434,025</u>	<u>\$ 434,025</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (74,959)	\$ (80,318)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	87,625	87,625
NET CHANGE IN FUND BALANCE	<u>\$ 12,666</u>	\$ 7,307
FUND BALANCE - JULY 1, 2022		<u>274,317</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 281,624</u>

See Accompanying Independent Auditor's Report



MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - TRANSPORTATION FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 1,051,990	\$ 1,027,873
Earnings on Investments	28,411	38,628
State Aid		
Transportation	235,684	211,592
Other Federal Aid	4,928	8,102
Total Revenues	<u>\$ 1,321,013</u>	<u>\$ 1,286,195</u>
EXPENDITURES		
Support Services		
Transportation		
Salaries	\$ 26,332	\$ 26,254
Employee Benefits	3,034	2,362
Purchased Services	1,160,007	875,520
Total Support Services - Transportation	<u>\$ 1,189,373</u>	<u>\$ 904,136</u>
Total Support Services	<u>\$ 1,189,373</u>	<u>\$ 904,136</u>
Total Expenditures	<u>\$ 1,189,373</u>	<u>\$ 904,136</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 131,640	\$ 382,059
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 131,640</u>	\$ 382,059
FUND BALANCE - JULY 1, 2022		<u>1,730,144</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 2,112,203</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 186,949	\$ 231,450
Payments in Lieu of Taxes	48,334	48,334
Earnings on Investments	6,297	4,386
Total Revenues	<u>\$ 241,580</u>	<u>\$ 284,170</u>
EXPENDITURES		
Instruction		
Regular Programs		
Employee Benefits	\$ 70,337	\$ 65,546
Special Education Programs		
Employee Benefits	31,949	28,745
Special Education Programs Pre-K		
Employee Benefits	5,948	5,568
Remedial and Supplemental Programs K-12		
Employee Benefits	7,507	8,503
Interscholastic Programs		
Employee Benefits	2,168	1,591
Summer School Programs		
Employee Benefits	1,076	1,127
Bilingual Programs		
Employee Benefits	4,534	4,465
Total Instruction	<u>\$ 123,519</u>	<u>\$ 115,545</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Employee Benefits	\$ 2,478	\$ 2,340
Health Services		
Employee Benefits	17,257	16,393
Psychological Services		
Employee Benefits	2,665	2,630
Speech Pathology and Audiology Services		
Employee Benefits	2,645	2,433
Total Support Services - Pupil	<u>\$ 25,045</u>	<u>\$ 23,796</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ -	\$ 125
Educational Media Services		
Employee Benefits	41,262	38,699
Total Support Services - Instructional Staff	<u>\$ 41,262</u>	<u>\$ 38,824</u>
General Administration		
Executive Administration Services		
Employee Benefits	\$ 2,673	\$ 2,710
Special Area Administrative Services		
Employee Benefits	1,211	1,354
Total Support Services - General Administration	<u>\$ 3,884</u>	<u>\$ 4,064</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 23,617	\$ 21,677
Total Support Services - School Administration	<u>\$ 23,617</u>	<u>\$ 21,677</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 15,233	\$ 13,678
Fiscal Services		
Employee Benefits	29,305	27,087
Total Support Services - Business	<u>\$ 44,538</u>	<u>\$ 40,765</u>
Operations and Maintenance		
Employee Benefits	\$ 36,087	\$ 36,960
Total Support Services - Operations and Maintenance	<u>\$ 36,087</u>	<u>\$ 36,960</u>
Transportation		
Employee Benefits	\$ 382	\$ 379
Total Support Services - Transportation	<u>\$ 382</u>	<u>\$ 379</u>
Food Services		
Employee Benefits	\$ 32,774	\$ 29,518
Total Support Services - Food Services	<u>\$ 32,774</u>	<u>\$ 29,518</u>
Central		
Data Processing Services		
Employee Benefits	\$ 15,950	\$ 14,067
Total Support Services - Central	<u>\$ 15,950</u>	<u>\$ 14,067</u>
Total Support Services	<u>\$ 223,539</u>	<u>\$ 210,050</u>
Community Services		
Employee Benefits	\$ -	\$ 10
Total Community Services	<u>\$ -</u>	<u>\$ 10</u>
Total Expenditures	<u>\$ 347,058</u>	<u>\$ 325,605</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (105,478)	\$ (41,435)
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (105,478)</u></u>	\$ (41,435)
FUND BALANCE - JULY 1, 2022		<u>303,169</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 261,734</u></u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Earnings on Investments	\$ 5,424	\$ 17,976
State Aid		
Infrastructure Improvements - Construction	-	50,000
Total Revenues	<u>\$ 5,424</u>	<u>\$ 67,976</u>
EXPENDITURES		
Capital Outlay		
Support Services		
Facilities Acquisition and Construction Services	\$ 1,000,000	\$ 238,879
Total Capital Outlay	<u>\$ 1,000,000</u>	<u>\$ 238,879</u>
Total Expenditures	<u>\$ 1,000,000</u>	<u>\$ 238,879</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (994,576)	\$ (170,903)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>1,000,000</u>	<u>1,000,000</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 5,424</u></u>	\$ 829,097
FUND BALANCE - JULY 1, 2022		<u>392,805</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 1,221,902</u></u>

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MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - FIRE PREVENTION AND SAFETY FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Earnings on Investments	\$ 10	\$ 14
Total Revenues	<u>\$ 10</u>	<u>\$ 14</u>
EXPENDITURES	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 10	\$ 14
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 10</u></u>	\$ 14
FUND BALANCE - JULY 1, 2022		<u>638</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 652</u></u>

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MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
FUND FINANCIAL STATEMENTS  
COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
GENERAL FUND  
JUNE 30, 2023

	Educational Fund	Working Cash Fund	Tort Fund	Total General Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,413,024	\$ 2,457,687	\$ -	\$ 16,870,711
Total Assets	<u>\$ 14,413,024</u>	<u>\$ 2,457,687</u>	<u>\$ -</u>	<u>\$ 16,870,711</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Payroll Liabilities	\$ 10,137	\$ -	\$ -	\$ 10,137
Total Liabilities	<u>\$ 10,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,137</u>
<b>FUND BALANCE</b>				
Restricted				
Student Activity	\$ 41,358	\$ -	\$ -	\$ 41,358
Unassigned	14,361,529	2,457,687	-	16,819,216
Total Fund Balance	<u>\$ 14,402,887</u>	<u>\$ 2,457,687</u>	<u>\$ -</u>	<u>\$ 16,860,574</u>
Total Liabilities and Fund Balance	<u>\$ 14,413,024</u>	<u>\$ 2,457,687</u>	<u>\$ -</u>	<u>\$ 16,870,711</u>

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MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Educational Fund	Working Cash Fund	Tort Fund	General Fund Total
REVENUES				
Property Taxes	\$ 9,837,881	\$ 91,558	\$ -	\$ 9,929,439
Payments in Lieu of Taxes	1,444,231	-	-	1,444,231
Tuition	54,078	-	-	54,078
Earnings on Investments	312,488	51,291	16	363,795
Food Services	131,980	-	-	131,980
Textbooks	106,783	-	-	106,783
Student Activity Income	47,997	-	-	47,997
Other Local Sources	257,610	-	-	257,610
State Aid	877,699	-	-	877,699
Federal Aid	818,384	-	-	818,384
State Retirement Contributions	4,199,005	-	-	4,199,005
Total Revenues	<u>\$ 18,088,136</u>	<u>\$ 142,849</u>	<u>\$ 16</u>	<u>\$ 18,231,001</u>
EXPENDITURES				
Current				
Instruction				
Regular Programs	\$ 5,414,237	\$ -	\$ -	\$ 5,414,237
Special Education Programs	774,496	-	-	774,496
Special Education Programs Pre-K	114,163	-	-	114,163
Other Instructional Programs	1,203,432	-	-	1,203,432
Student Activity Fund	46,912	-	-	46,912
State Retirement Contributions	4,199,005	-	-	4,199,005
Support Services				
Pupil	920,405	-	-	920,405
Instructional Staff	876,866	-	-	876,866
General Administration	486,157	-	-	486,157
School Administration	604,254	-	-	604,254
Business	337,149	-	-	337,149
Operations and Maintenance	62,879	-	-	62,879
Transportation	1,396	-	-	1,396
Food Services	308,294	-	-	308,294
Central	116,897	-	-	116,897
Other Support Services	7,037	-	12,735	19,772
Community Services	19,931	-	-	19,931
Intergovernmental Payments				
Payments to Other Districts and Governmental Units	1,854,087	-	-	1,854,087
Total Expenditures	<u>\$ 17,397,158</u>	<u>\$ -</u>	<u>\$ 12,735</u>	<u>\$ 17,409,893</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 690,978	\$ 142,849	\$ (12,719)	\$ 821,108
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	71	-	(71)	-
NET CHANGE IN FUND BALANCES	\$ 691,049	\$ 142,849	\$ (12,790)	\$ 821,108
FUND BALANCE - JULY 1, 2022	13,711,838	2,314,838	12,790	16,039,466
FUND BALANCE - JUNE 30, 2023	<u>\$ 14,402,887</u>	<u>\$ 2,457,687</u>	<u>\$ -</u>	<u>\$ 16,860,574</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 9,756,304	\$ 9,837,881
Payments in Lieu of Taxes	945,502	1,444,231
Tuition	73,275	54,078
Earnings on Investments	241,225	312,488
Food Services	101,000	131,980
Textbooks	110,000	106,783
Student Activity Income	37,700	47,997
Other Local Sources	248,383	257,610
State Aid		
Evidence Based Funding	866,246	866,246
Special Education	-	10,218
State Free Lunch and Breakfast	1,000	385
Other Restricted Revenue from State Sources	-	850
Federal Aid		
Food Service	85,000	150,922
Title I	87,729	93,250
Title IV	27,238	22,216
Federal Special Education	214,825	235,120
Title III - English Language Acquisition	30,855	18,980
Title II - Teacher Quality	19,002	14,897
Medicaid Matching Funds - Administrative Outreach	-	20,185
Medicaid Matching Funds - Fee-for-Service Program	-	10,223
Other Federal Aid	368,140	252,591
State Retirement Contributions	-	4,199,005
Total Revenues	<u>\$ 13,213,424</u>	<u>\$ 18,088,136</u>
EXPENDITURES		
Instruction		
Regular Programs		
Salaries	\$ 4,581,131	\$ 4,400,804
Employee Benefits	711,496	693,937
Purchased Services	73,075	109,189
Supplies and Materials	253,900	202,989
	<u>\$ 5,629,602</u>	<u>\$ 5,414,237</u>
Special Education Programs		
Salaries	\$ 630,036	\$ 628,704
Employee Benefits	80,435	87,973
Purchased Services	7,000	5,506
Supplies and Materials	2,500	5,329
	<u>\$ 719,971</u>	<u>\$ 727,512</u>
Special Education Programs Pre-K		
Salaries	\$ 97,563	\$ 97,540
Employee Benefits	16,681	16,623
	<u>\$ 114,244</u>	<u>\$ 114,163</u>
Remedial and Supplemental Programs K-12		
Salaries	\$ 517,739	\$ 614,237
Employee Benefits	70,910	81,929
Supplies and Materials	2,500	2,932
	<u>\$ 591,149</u>	<u>\$ 699,098</u>
Interscholastic Programs		
Salaries	\$ 72,275	\$ 83,394
Employee Benefits	903	1,101
Purchased Services	10,195	9,989
Other Objects	10,800	9,458
	<u>\$ 95,673</u>	<u>\$ 104,827</u>

See Accompanying Independent Auditor's Report



MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Instruction (Continued)		
Summer School Programs		
Salaries	\$ 35,457	\$ 56,453
Employee Benefits	270	6,032
Supplies and Materials	1,300	704
	<u>\$ 37,027</u>	<u>\$ 63,189</u>
Bilingual Programs		
Salaries	\$ 312,657	\$ 312,657
Employee Benefits	19,981	19,896
Purchased Services	-	3,250
Supplies and Materials	1,000	515
	<u>\$ 333,638</u>	<u>\$ 336,318</u>
Private Tuition		
Special Education Programs K-12		
Other Objects	\$ -	\$ 46,984
	<u>\$ -</u>	<u>\$ 46,984</u>
Student Activity Fund	<u>\$ 37,700</u>	<u>\$ 46,912</u>
State Retirement Contributions	<u>\$ -</u>	<u>\$ 4,199,005</u>
Total Instruction	<u>\$ 7,559,004</u>	<u>\$ 11,752,245</u>
Support Services		
Pupil		
Attendance and Social Work Services		
Salaries	\$ 170,879	\$ 170,879
Employee Benefits	25,546	25,412
Purchased Services	8,453	7,600
Supplies and Materials	1,000	573
	<u>\$ 205,878</u>	<u>\$ 204,464</u>
Guidance Services		
Supplies and Materials	\$ 10,000	\$ 278
	<u>\$ 10,000</u>	<u>\$ 278</u>
Health Services		
Salaries	\$ 77,110	\$ 77,987
Employee Benefits	436	349
Purchased Services	750	490
Supplies and Materials	2,000	1,153
	<u>\$ 80,296</u>	<u>\$ 79,979</u>
Psychological Services		
Salaries	\$ 183,760	\$ 183,760
Employee Benefits	32,686	32,291
Purchased Services	210,487	177,095
Supplies and Materials	250	2,532
	<u>\$ 427,183</u>	<u>\$ 395,678</u>
Speech Pathology and Audiology Services		
Salaries	\$ 182,432	\$ 182,433
Employee Benefits	49,101	48,832
Supplies and Materials	1,500	1,006
	<u>\$ 233,033</u>	<u>\$ 232,271</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Pupil (Continued)		
Other Support Services - Pupil		
Purchased Services	\$ 600	\$ 4,438
Supplies and Materials	2,600	2,947
Other Objects	2,500	350
	<u>\$ 5,700</u>	<u>\$ 7,735</u>
Total Support Services - Pupil	<u>\$ 962,090</u>	<u>\$ 920,405</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 20,000	\$ 20,757
Purchased Services	119,305	101,619
Supplies and Materials	1,000	3,247
	<u>\$ 140,305</u>	<u>\$ 134,239</u>
Educational Media Services		
Salaries	\$ 325,878	\$ 322,744
Employee Benefits	62,824	67,465
Purchased Services	201,000	196,280
Supplies and Materials	169,800	106,398
Non-Capitalized Equipment	15,000	31,180
	<u>\$ 774,502</u>	<u>\$ 724,067</u>
Assessment and Testing		
Purchased Services	\$ 30,000	\$ 18,560
	<u>\$ 30,000</u>	<u>\$ 18,560</u>
Total Support Services - Instructional Staff	<u>\$ 944,807</u>	<u>\$ 876,866</u>
General Administration		
Board of Education Services		
Purchased Services	\$ 79,045	\$ 79,522
Supplies and Materials	1,500	2,014
Other Objects	5,664	6,008
	<u>\$ 86,209</u>	<u>\$ 87,544</u>
Executive Administration Services		
Salaries	\$ 184,324	\$ 183,779
Employee Benefits	29,789	26,389
Purchased Services	14,000	7,955
Supplies and Materials	2,000	2,574
Other Objects	3,000	1,981
	<u>\$ 233,113</u>	<u>\$ 226,702</u>
Special Area Administrative Services		
Salaries	\$ 83,516	\$ 83,517
Employee Benefits	16,235	16,232
Purchased Services	4,000	159
Other Objects	1,000	239
	<u>\$ 104,751</u>	<u>\$ 110,104</u>
Tort Immunity Services		
Purchased Services	\$ 72,175	\$ 61,807
	<u>\$ 72,175</u>	<u>\$ 61,807</u>
Total Support Services - General Administration	<u>\$ 496,248</u>	<u>\$ 486,157</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Salaries	\$ 502,336	\$ 496,283
Employee Benefits	94,609	90,308
Purchased Services	16,498	17,013
Other Objects	1,500	650
	<u>\$ 614,943</u>	<u>\$ 604,254</u>
Total Support Services - School Administration	<u>\$ 614,943</u>	<u>\$ 604,254</u>
Business		
Direction of Business Support Services		
Salaries	\$ 68,063	\$ 67,815
Employee Benefits	15,173	14,771
Purchased Services	2,000	2,039
	<u>\$ 85,236</u>	<u>\$ 84,625</u>
Fiscal Services		
Salaries	\$ 130,942	\$ 130,695
Employee Benefits	36,477	35,766
Purchased Services	80,471	85,423
Other Objects	550	640
	<u>\$ 248,440</u>	<u>\$ 252,524</u>
Total Support Services - Business	<u>\$ 333,676</u>	<u>\$ 337,149</u>
Operations and Maintenance		
Employee Benefits	\$ 2,815	\$ 2,791
Purchased Services	56,962	60,088
Total Support Services - Operations and Maintenance	<u>\$ 59,777</u>	<u>\$ 62,879</u>
Transportation		
Employee Benefits	\$ 1,407	\$ 1,396
Total Support Services - Transportation	<u>\$ 1,407</u>	<u>\$ 1,396</u>
Food Services		
Salaries	\$ 181,418	\$ 182,796
Employee Benefits	34,377	25,142
Purchased Services	5,464	1,235
Supplies and Materials	115,000	98,355
Other Objects	755	766
Total Support Services - Food Services	<u>\$ 337,014</u>	<u>\$ 308,294</u>
Central		
Information Services		
Purchased Services	\$ 37,728	\$ 39,937
Supplies and Materials	500	-
	<u>\$ 38,228</u>	<u>\$ 39,937</u>
Data Processing Services		
Salaries	\$ 71,270	\$ 66,270
Employee Benefits	10,832	10,690
	<u>\$ 82,102</u>	<u>\$ 76,960</u>
Total Support Services - Central	<u>\$ 120,330</u>	<u>\$ 116,897</u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - EDUCATIONAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
Support Services (Continued)		
Other Support Services		
Purchased Services	\$ 6,852	\$ 6,085
Supplies and Materials	1,000	952
Total Support Services - Other Support Services	<u>\$ 7,852</u>	<u>\$ 7,037</u>
Total Support Services	<u>\$ 3,878,144</u>	<u>\$ 3,721,334</u>
Community Services		
Purchased Services	\$ 17,012	\$ 7,282
Supplies and Materials	2,316	4,357
Total Community Services	<u>\$ 19,328</u>	<u>\$ 19,931</u>
Intergovernmental Payments		
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 167,844	\$ 169,223
Other Objects	140,281	139,041
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 308,125</u>	<u>\$ 308,264</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 1,607,700	\$ 1,545,823
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 1,607,700</u>	<u>\$ 1,545,823</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 1,915,825</u>	<u>\$ 1,854,087</u>
Total Intergovernmental Payments	<u>\$ 1,915,825</u>	<u>\$ 1,854,087</u>
Total Expenditures	<u>\$ 13,372,301</u>	<u>\$ 17,397,158</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (158,877)	\$ 690,978
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>71</u>
NET CHANGE IN FUND BALANCE	<u>\$ (158,877)</u>	\$ 691,049
FUND BALANCE - JULY 1, 2022		<u>13,711,838</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 14,402,887</u></u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - WORKING CASH FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Property Taxes	\$ 93,346	\$ 91,558
Earnings on Investments	39,339	51,291
Total Revenues	<u>\$ 132,685</u>	<u>\$ 142,849</u>
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 132,685	\$ 142,849
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 132,685</u></u>	\$ 142,849
FUND BALANCE - JULY 1, 2022		<u>2,314,838</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ 2,457,687</u></u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - TORT FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>
REVENUES		
Earnings on Investments	\$ -	\$ 16
Total Revenues	<u>\$ -</u>	<u>\$ 16</u>
EXPENDITURES		
Support Services		
Other Support Services		
Purchased Services	\$ 12,735	\$ 12,735
Total Support Services - Other Support Services	<u>\$ 12,735</u>	<u>\$ 12,735</u>
Total Support Services	<u>\$ 12,735</u>	<u>\$ 12,735</u>
Total Expenditures	<u>\$ 12,735</u>	<u>\$ 12,735</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (12,735)	\$ (12,719)
OTHER FINANCING SOURCES (USES)		
Interfund Transfers	<u>-</u>	<u>(71)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (12,735)</u></u>	\$ (12,790)
FUND BALANCE - JULY 1, 2022		<u>12,790</u>
FUND BALANCE - JUNE 30, 2023		<u><u>\$ -</u></u>

See Accompanying Independent Auditor's Report

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
COMPUTATION OF OPERATING EXPENSE PER PUPIL  
AND PER CAPITA TUITION CHARGE  
YEAR ENDED JUNE 30, 2023

<b>OPERATING EXPENSE PER PUPIL</b>			
<b>EXPENDITURES:</b>			
ED	Total Expenditures	\$	13,151,241
O&M	Total Expenditures		1,097,376
DS	Total Expenditures		434,025
TR	Total Expenditures		904,136
MR/SS	Total Expenditures		325,605
TORT	Total Expenditures		12,735
	<b>Total Expenditures</b>	<b>\$</b>	<b>15,925,118</b>

**LESS RECEIPTS/REVENUES OR DISBURSEMENTS/EXPENDITURES NOT APPLICABLE TO THE REGULAR K-12 PROGRAM:**

ED	Special Education Programs Pre-K	\$	114,163
ED	Summer School Programs		63,189
ED	Special Education Programs K-12 - Private Tuition		46,984
ED	Community Services		12,425
ED	Total Payments to Other District & Govt Units		1,854,087
ED	Capital Outlay		49,561
ED	Non-Capitalized Equipment		46,004
O&M	Capital Outlay		146,177
O&M	Non-Capitalized Equipment		68,161
DS	Debt Service - Payments of Principal on Long-Term Debt		387,397
MR/SS	Special Education Programs - Pre-K		5,568
MR/SS	Summer School Programs		1,127
MR/SS	Community Services		10
	<b>Total Deductions</b>	<b>\$</b>	<b>2,794,853</b>
	<b>Total Operating Expenses (Regular K-12)</b>	<b>\$</b>	<b>13,130,265</b>
	<b>9 Mo ADA from Average Daily Attendance - Student Information System (SIS) in IWAS</b>		774.16
	<b>Estimated OEPP</b>	<b>\$</b>	<b>16,960.66</b>

**PER CAPITA TUITION CHARGE**

**LESS OFFSETTING RECEIPTS/REVENUES:**

ED	Total Food Service	\$	131,980
ED	Rentals - Regular Textbooks		106,783
ED-O&M-DS-TR-MR/SS	Payment from Other Districts		30,800
ED-O&M-TR	Total Special Education		10,218
ED	State Free Lunch & Breakfast		385
ED-O&M-TR-MR/SS	Total Transportation		211,592
ED-O&M-DS-TR-MR/SS-Tort	Other Restricted Revenue from State Sources		850
ED-MR/SS	Total Food Service		150,922
ED-O&M-TR-MR/SS	Total Title I		93,250
ED-O&M-TR-MR/SS	Total Title IV		22,216
ED-O&M-TR-MR/SS	Fed - Spec Education - IDEA - Flow Through/Low Incidence		229,392
ED-TR-MR/SS	Title III - Language Inst Program - Limited Eng (LIPLP)		18,980
ED-O&M-TR-MR/SS	Title II - Teacher Quality		14,897
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Administrative Outreach		20,185
ED-O&M-TR-MR/SS	Medicaid Matching Funds - Fee-for-Service Program		10,223
ED-O&M-TR-MR/SS	Other Restricted Revenue from Federal Sources (Describe & Itemize)		271,654
ED-TR-MR/SS	Special Education Contributions from EBF Funds		269,058
ED-MR/SS	English Learning (Bilingual) Contributions from EBF Funds		51,343
	<b>Total Allowance for PCTC Computation</b>	<b>\$</b>	<b>1,644,727</b>
	<b>Net Operating Expense for PCTC Computation</b>	<b>\$</b>	<b>11,485,538</b>
	<b>Total Depreciation Allowance (from page 27, Col I)</b>	<b>\$</b>	<b>637,179</b>
	<b>Total Allowance for PCTC Computation</b>	<b>\$</b>	<b>12,122,717</b>
	<b>9 Mo ADA from Average Daily Attendance - Student Information System (SIS) in IWAS</b>		774.16
	<b>Unaudited Total Estimated PCTC</b>	<b>\$</b>	<b>15,659.19</b>

## ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited

Morton Grove Public School District No. 70's

compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morton Grove Public School District No. 70's major federal programs for the year ended June 30, 2023. Morton Grove Public School District No. 70's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Morton Grove Public School District No. 70 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control Over Compliance***

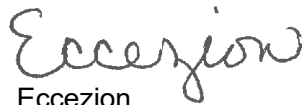
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The 2022 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures by us in our report dated November 28, 2022 expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2022 financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Eccezion

Consulting • CPAs • Technology

McHenry, Illinois  
November 10, 2023

**Morton Grove SD 70**  
**05-016-0700-02**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Year 7/1/21-6/30/22 (E)	Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)		Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)	Year 7/1/22-6/30/23 Pass through to Subrecipients			
CHILD NUTRITION CLUSTER										0	
US Department of Agriculture Passed Through										0	
Illinois State Board of Education										0	
Food Donations Program (Non-Cash Commodities)	10.555	23-4299-00		7,151			7,151			7,151	N/A
US Department of Agriculture Passed Through										0	
Department of Defense										0	
Food Donations Program (Non-Cash Commodities)	10.555	23-4299-00		16,725			16,725			16,725	N/A
										0	
US Department of Agriculture Passed Through										0	
Illinois State Board of Education										0	
National School Lunch Program +	10.555	22-4210-00	272,305	17,937	272,305		17,937			290,242	N/A
National School Lunch Program+	10.555	23-4210-00		101,233			101,233			101,233	N/A
COVID-19 ARP National School Lunch Program +	10.555	22-4210-BT		628			628			628	N/A
COVID-19 ARP Nutrition Supply Chain Assistance +	10.555	23-4210-SC		31,124			31,124			31,124	N/A
										0	
Subtotal CFDA "10.555"			272,305	174,798	272,305	0	174,798	0	0	447,103	
Total Child Nutrition Cluster			272,305	174,798	272,305	0	174,798	0	0	447,103	
Subtotal CFDA "10"			272,305	174,798	272,305	0	174,798	0	0	447,103	
										0	
US Department of Education Passed Through										0	
Illinois State Board of Education										0	
Title I - Low Income (M)	84.010	22-4300-00	112,610	14,016	126,626					126,626	173,971
Title I - Low Income (M)	84.010	23-4300-00		79,234			114,926			114,926	151,010
Subtotal CFDA "84.010"			112,610	93,250	126,626	0	114,926	0	0	241,552	
										0	

**Morton Grove SD 70**  
**05-016-0700-02**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Year 7/1/21-6/30/22 (E)	Expenditure/Disbursements <sup>4</sup>			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)		Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)	Year 7/1/22-6/30/23 Pass through to Subrecipients			
Title IVA - Student Support & Academic Enrichment*	84.424	22-4400-00	5,815	12,516	5,815		12,516			18,331	26,356
Title IVA - Student Support & Academic Enrichment	84.424	23-4400-00		9,700			9,700			9,700	20,480
Subtotal CFDA "84.424"			5,815	22,216	5,815	0	22,216	0	0	28,031	
										0	
Title III - LIPLEP*	84.365	22-4909-00	9,670	14,336	23,406		600			24,006	30,855
Title III - LIPLEP*	84.365	23-4909-00		4,644			16,656			16,656	27,649
Subtotal CFDA "84.365"			9,670	18,980	23,406	0	17,256	0	0	40,662	
										0	
Title II - Teacher Quality	84.367	22-4932-00	24,527	2,476	27,003		0			27,003	28,008
Title II - Teacher Quality	84.367	23-4932-00		12,421			16,649			16,649	25,129
Subtotal CFDA "84.367"			24,527	14,897	27,003	0	16,649	0	0	43,652	
										0	
COVID-19 Elementary and Secondary Emergency Relief Fund - ESSER 3 (M)	84.425U	22-4998-E3	236,840	258,526	318,480		268,153			586,633	731,950
COVID-19 American Rescue Plan - Homeless Children and Youth (M)	84.425W	22-4998-HL	2,883	8,941	8,990		2,784			11,774	14,893
COVID-19 Formula CARES and ARP Programs (M)	84.425	23-4998-EB		0			740			740	9,930
Subtotal CFDA "84.425"			239,723	267,467	327,470	0	271,677	0	0	599,147	
										0	
SPECIAL EDUCATION CLUSTER										0	
Special Education - Preschool	84.173	22-4600-00	4,870	533	5,403		0			5,403	5,403
Special Education - Preschool	84.173	23-4600-00		5,195			5,798			5,798	5,798
Subtotal CFDA "84.173"			4,870	5,728	5,403	0	5,798	0	0	11,201	
										0	
Special Education - Grants to States	84.027	22-4620-00	193,965	32,060	226,025		0			226,025	226,025
Special Education - Grants to States	84.027	23-4620-00		197,332			238,043			238,043	238,043
Subtotal CFDA "84.027"			193,965	229,392	226,025	0	238,043	0	0	464,068	
Total Special Education Cluster			198,835	235,120	231,428	0	243,841	0	0	475,269	
Subtotal CFDA "84"			591,180	651,930	741,748	0	686,565	0	0	1,428,313	
										0	

**Morton Grove SD 70**  
**05-016-0700-02**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ending June 30, 2023**

Federal Grantor/Pass-Through Grantor  Program or Cluster Title and Major Program Designation	CFDA Number <sup>2</sup> (A)	ISBE Project #  (1st 8 digits) or Contract # <sup>3</sup> (B)	Receipts/Revenues		Expenditure/Disbursements <sup>4</sup>				Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget  (I)
			Year 7/1/21-6/30/22 (C)	Year 7/1/22-6/30/23 (D)	Year 7/1/21-6/30/22 (E)	Year 7/1/21-6/30/22 Pass through to Subrecipients	Year 7/1/22-6/30/23 (F)	Year 7/1/22-6/30/23 Pass through to Subrecipients			
MEDICAID CLUSTER										0	
US Department of Health and Human Services Passed Through										0	
Illinois Department of Healthcare and Family Services										0	
Medicaid Matching	93.778	23-4992-00		21,026			21,026			21,026	N/A
Total Medicaid Cluster			0	21,026	0	0	21,026	0	0	21,026	
Subtotal CFDA "93"			0	21,026	0	0	21,026	0	0	21,026	
										0	
Federal Communications Commission										0	
COVID-19 Emergency Connectivity Fund Program	32.009	22-4998-00	0	4,187	4,187					4,187	N/A
COVID-19 Emergency Connectivity Fund Program	32.009	23-4998-00					4,187			4,187	N/A
Subtotal CFDA "32.009"			0	4,187	4,187	0	4,187	0	0	8,374	
Subtotal CFDA "32"			0	4,187	4,187	0	4,187	0	0		
										0	
										0	
Total Federal Assistance			863,485	851,941	1,018,240	0	886,576	0	0	1,904,816	
										0	
										0	
+ 9/30 Project Year End										0	
* 8/31 Project Year End										0	
										0	

• (M) Program was audited as a major program as defined by §200.518.

**\*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).**

The accompanying notes are an integral part of this schedule.

<sup>1</sup> To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

<sup>2</sup> When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

<sup>3</sup> When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

<sup>4</sup> The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal award activity of Morton Grove Public School District No. 70 under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not present, the financial position, changes in fund balance, or cash flows of the District.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect rate as allowed under the Uniform Guidance.

**NOTE 4 - SUBRECIPIENTS**

The District did not provide federal awards to subrecipients during the year ended June 30, 2023.

**NOTE 5 - FEDERAL LOANS**

There were no federal loans or loan guarantees outstanding at year end.

**NOTE 6 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)**

The District was not the recipient of any federally donated PPE during the current fiscal year.

MORTON GROVE PUBLIC SCHOOL DISTRICT NO. 70  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

- 1) Summary of auditor's results:
  - a) The auditor's report expresses a modified opinion on whether the financial statements of Morton Grove Public School District No. 70 were prepared in accordance with GAAP.
  - b) No significant deficiencies are reported during the audit of the financial statements. No material weaknesses are reported.
  - c) No instances of noncompliance material to the financial statements of Morton Grove Public School District No. 70, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
  - d) No significant deficiencies in internal control over major federal award programs are reported during the audit of the financial statements. No material weaknesses in internal control over major federal award programs are reported.
  - e) The auditor's report on compliance for the major federal award programs for Morton Grove Public School District No. 70 expresses an unmodified opinion on all major federal programs.
  - f) There are no audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR section 200.516(a).
  - g) The programs tested as major programs were: Title I – Low Income (CFDA #84.010) and Covid-19 Elementary and Secondary Emergency Relief Fund (CFDA #84.425, CFDA #84.425U and CFDA #84.425W).
  - h) The threshold to distinguish between Type A and Type B programs was \$750,000.
  - i) Morton Grove Public School District No. 70 was determined to not be a low-risk auditee.
- 2) There were no findings related to the financial statements which are required to be reported.
- 3) There were no findings related to federal awards which are required to be reported.



**Morton Grove SD 70**  
**05-016-0700-02**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ending June 30, 2023**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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1. FINDING NUMBER:<sup>11</sup>

**2023- None**

2. THIS FINDING IS:

☐

New

☐

Repeat from Prior Year?

Year originally reported? \_\_\_\_\_

---

3. Criteria or specific requirement

---

4. Condition

---

5. Context<sup>12</sup>

---

6. Effect

---

7. Cause

---

8. Recommendation

---

9. Management's response<sup>13</sup>

---

<sup>11</sup> A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year **2021** would be assigned a reference number of **2021-001**, **2021-002**, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

<sup>12</sup> Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

<sup>13</sup> See §200.521 *Management decision* for additional guidance on reporting management's response.

Morton Grove SD 70  
05-016-0700-02  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ending June 30, 2023

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER: <sup>14</sup>	2023- <u>None</u>	2. THIS FINDING IS:	<input type="checkbox"/> New	<input type="checkbox"/> Repeat from Prior year? Year originally reported? _____
3. Federal Program Name and Year: _____				
4. Project No.: _____		5. CFDA No.: _____		
6. Passed Through: _____				
7. Federal Agency: _____				
8. Criteria or specific requirement (including statutory, regulatory, or other citation)				
9. Condition <sup>15</sup>				
10. Questioned Costs <sup>16</sup>				
11. Context <sup>17</sup>				
12. Effect				
13. Cause				
14. Recommendation				
15. Management's response <sup>18</sup>				

<sup>14</sup> See footnote 11.

<sup>15</sup> Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

<sup>16</sup> Identify questioned costs as required by §200.516 (a)(3 - 4).

<sup>17</sup> See footnote 12.

<sup>18</sup> To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

**Morton Grove SD 70**  
**05-016-0700-02**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS<sup>19</sup>**  
**Year Ending June 30, 2023**

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> <sup>20</sup>
NONE		

---

When possible, all prior findings should be on the same page

<sup>19</sup> Explanation of this schedule - §200.511 (b)

<sup>20</sup> Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

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## APPENDIX B

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

School District Number 70  
Cook County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Education of School District Number 70, Cook County, Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Limited Tax Bonds, Series 2024 (the “*Bonds*”), to the amount of \$ \_\_\_\_\_, dated \_\_\_\_\_, 2024, due serially on December 1 of the years and in the amounts and bearing interest as follows:

2025	\$	%
2026		%
2027		%
2028		%
2029		%
2030		%
2031		%
2032		%
2033		%
2034		%
2035		%
2036		%

the Bonds due on or after December 1, 20\_\_, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 1, 20\_\_, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other

similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Law*"). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in the Proceedings.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

## APPENDIX C

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by School District Number 70, Cook County, Illinois (the “*District*”), in connection with the issuance of \$\_\_\_\_\_ General Obligation Limited Tax Bonds, Series 2024 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on the 16th day of September, 2024 (as supplemented by a notification of sale, the “*Resolution*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT; CERTIFICATIONS. This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). This Agreement is prepared in compliance with paragraph (d)(2) of the Rule.

The District represents that:

(a) it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds; and

(b) at the time of the delivery of the Bonds to the Participating Underwriters, the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the Rule pursuant to paragraph (d)(1) of the Rule.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Financial Information* means the financial information and operating data described in *Exhibit I*.

*Financial Information Disclosure* means the dissemination of disclosure concerning Financial Information as set forth in Section 4.

*Financial Obligation* of the District means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated \_\_\_\_\_, 2024, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the District will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the District remains legally liable for the payment of such Bonds; provided, however, that the District will not be required to make such filings under new CUSIP Numbers unless the District has been notified in writing by the Participating Underwriter or the District’s financial



advisor that new CUSIP Numbers have been assigned to the Bonds. The District will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Financial Information at least annually to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in Exhibit II refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking

into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit

of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. CONTACT INFORMATION. Specific questions or inquiries relating to Financial Information Disclosure and Reportable Events Disclosure should be directed to:

Erin Majchrowski  
Director of Business Services  
Morton Grove School District Number 70  
6200 Lake Street  
Morton Grove, Illinois 60053  
847-965-6200

16. GOVERNING LAW. This Agreement shall be governed by the laws of the State

SCHOOL DISTRICT NUMBER 70, COOK COUNTY,  
ILLINOIS

By: \_\_\_\_\_  
President, Board of Education

Date: \_\_\_\_\_, 2024

## **EXHIBIT I**

### **FINANCIAL INFORMATION**

*“Financial Information”* means the District’s annual audited financial statements prepared in accordance with accounting principles mandated by the Illinois State Board of Education. The Financial Information will be submitted to EMMA by 210 days after the last day of the District’s fiscal year (currently June 30), beginning with the fiscal year ended June 30, 2024. If audited financial statements are not available when the Financial Information is required to be filed, the District will submit the Financial Information to EMMA within 30 days after availability to the District. There shall be specified the date as of which such information was prepared. All or a portion of the Financial Information may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS FOR WHICH**  
**REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District\*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

**EXHIBIT III**  
**CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBER (213777)
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	



