

COMPREHENSIVE ANNUAL FINANCIAL
REPORT
OF
J. STERLING MORTON HIGH SCHOOL
DISTRICT 201
CICERO, ILLINOIS

As of and for the Year Ended June 30, 2017

Officials Issuing Report

Mr. Ron O'Connor, Chief Financial Officer

Department Issuing Report

Business Office

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Page(s)</u>
<i>Introductory Section</i>	
Transmittal Letter	i - iv
ASBO Certificate	v
Organizational Chart	vi
Principal Officers and Advisors	vii
<i>Financial Section</i>	
Independent Auditors' Report	1 - 3
Required Supplementary Information	
Management's Discussion and Analysis (MD&A) - Unaudited	4 - 12
Basic Financial Statements	
<u>Government-Wide Financial Statements</u>	
Statement of Net Position	13
Statement of Activities	14
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	15 - 16
Reconciliation of the Governmental Funds - Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18 - 19
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Statement of Fiduciary Assets and Liabilities - Agency Fund	21
Notes to Basic Financial Statements	22 - 51
Required Supplementary Information	
Illinois Municipal Retirement Fund - Schedule of Changes in the District's Net Pension Liability and Related Ratios	52
Illinois Municipal Retirement Fund - Schedule of District Contributions	53
Teachers' Retirement System - Schedule of the District's Proportionate Share of the Collective Net Pension Liability and Schedule of District Contributions	54
Schedule of Funding Progress For Retirees' Health Plan	55

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<i>Page(s)</i>
Required Supplementary Information - (Continued)	
<u>General and Major Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
General Fund - Non-GAAP Budgetary Basis	56 - 64
Operations and Maintenance Fund	65 - 66
Transportation Fund	67
Municipal Retirement/Social Security Fund	68 - 69
Notes to Required Supplementary Information	70
Supplementary Information	
<u>Major Debt Service and Major Capital Projects Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
Debt Service Fund	71
Capital Projects Fund	72
Fire Prevention and Life Safety Fund	73
General Fund - Combining Balance Sheet	74
General Fund - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	75
<u>General Fund Accounts - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
Educational Accounts - Non-GAAP Budgetary Basis	76 - 85
Working Cash Accounts	86
Operating Cost and Tuition Charge	87
Other Information	
Schedule of Changes in Assets and Liabilities - Agency Funds	88
Statistical Section	
Net Position by Component	89 - 90
Changes in Net Position	91 - 92
Fund Balances of Governmental Funds	93 - 94
Changes in Fund Balances, Governmental Funds	95 - 96
Assessed Valuation and Estimated Actual Value of Taxable Property	97
Property Tax Rates - All Direct and Overlapping Governments	98 - 99
Principal Property Taxpayers in the District	100
Property Tax Levies and Collections	101 - 102

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Page(s)</u>
<i>Statistical Section - (Continued)</i>	
Outstanding Debt by Type	103
Ratios of General Bonded Debt Outstanding	104
Computation of Direct and Overlapping Debt	105
Legal Debt Margin Information	106 - 107
Demographic and Economic Statistics	108
Principal Employers	109
Number of Employees by Type	110 - 111
Operating Indicators by Function	112 - 113
School Building Information	114 - 115
Operating Statistics	116

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J. STERLING MORTON HIGH SCHOOLS

5801 WEST CERMAK ROAD, CICERO, IL 60804, (708) 780-2800

October 10, 2017

To the Citizens and Board of Education of
J. Sterling Morton High School District No. 201

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of J. Sterling Morton High School District No. 201 for the fiscal year ended June 30, 2017. This Comprehensive Annual Financial Report contains financial statements, supplemental statements and statistical information, providing complete and full disclosure of all material financial aspects of the School District for the 2017 fiscal year.

The School District is responsible for the accuracy, completeness, and fairness of the data presented. To the best of our knowledge and belief, this report and the enclosed data are accurate in all materials aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School District. We have included all disclosures necessary to enable the reader to gain an understanding of generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a title page, the table of contents, this transmittal letter, a Certificate of Excellence in Financial Reporting, a list of principal officials, and the School District's organizational chart.

The **Financial Section** includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, required supplementary budgetary comparison schedules, and the combining statements for non-major funds and other schedules that provide detailed information relative to the basic financial statements.

The **Statistical Section** includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

The School District provides a full range of traditional and non-traditional educational programs, services and facilities. These include secondary curriculum offerings at the general level, college preparatory level, Advanced Placement level, and vocational level; a broad range of co-curricular and extracurricular activities; and special education programs and facilities.

REPORTING ENTITY

J. Sterling Morton High School District No. 201 (the "School District") is organized under the Constitution of the State of Illinois. The School District operates under a locally elected Board form of government consisting of seven members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations of the School District.

The Chief Financial Officer is directly responsible to the Superintendent for all financial operations and custody of all School District funds and assets.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the school district are not misleading. The primary government of a school district consists of all funds, departments, boards, and agencies that are not legally separate from the school district. This includes general operations, food service, and student related activities of the school district.

Component units are legally separate organizations for which school district is financially accountable. A school district is financially accountable for an organization if the school district appoints a voting majority of the organization's governing board and (1) the school district is able to significantly influence the programs or services performed or provided by the organization, or (2) the school district is legally entitled to or can otherwise access the organization's resources, is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the school district in that the school district approves the organization's budget, the issuance of its debt, or the levying of its taxes. The School District has no component units.

The Municipalities, Parent Teacher Organization, Booster groups and Alumni associations perform activities within the School District's boundaries for the benefit of its residents but are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

The School District also belongs to the Collective Liability Insurance Cooperative (CLIC) for property and casualty insurance coverage.

ECONOMIC CONDITION AND OUTLOOK

J. Sterling Morton High School District No. 201 is located in Central Cook County, in beautiful northern Illinois. The county itself is located on the shores of Lake Michigan and includes all of Chicago. Cook County is approximately 90 miles from Milwaukee and 30 miles from Gary, Indiana. This central position provides a strategic location for the development of business and industry.

Unemployment trends continue to be reflective of the current economic state. The latest unemployment rate of the County (June 2017) is 5.2% compared to 6.4% reported last year. This compares to U.S. rates of 4.4% and 4.9% for the same periods, respectively.

THE DISTRICT AND ITS FACILITIES

The School District served approximately 8,646 students during the 2017 fiscal year housed in four facilities. The enrollments per school, excluding private placements, were as follows:

<u>School</u>	<u>Grades</u>	<u>Enrollment</u>
Morton Freshman Center	9	1,304
Morton East	10-12	3,531
Morton West	9-12	3,692
Alternative School	9-12	119

MAJOR INITIATIVES

- Qualified School Construction Bonds were awarded in May of 2017 so that Morton East can receive new

boilers and Morton West can undergo an addition known as the Freshman Academy.

- The District has adopted Mandarin as a class for students to receive Advanced Placement credit.
- Every student has been given a computer device for educational purposes, making the District a true 1:1 program.
- 100% of all certificated district personnel have been trained in Project CRISS strategies.
- The English, Social Science and Mathematics departments have revised their curriculum to address the Common Core State Standards in each grade level. In addition, the curriculum is also vertically aligned to avoid duplication of efforts, and, at the same time, to guarantee that the skills of each grade level build on the previous skills taught.
- The district has reached full implementation of a standards-based grading system to measure students' progress on clearly defined outcomes in every course.

FINANCIAL INFORMATION

The School District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records are maintained during the fiscal year on a budgetary basis system of accounting as prescribed by State statute.

Internal Controls

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation, and (2) the valuation of cost and benefits requires estimates and judgments by management.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Chief Financial Officer has been given authority to allocate Board appropriations to the function and object level within each fund. The School District has chosen to present budgetary information at the function level in the basic financial statements and at the object level in the individual fund statements.

The School District maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts lapse at year-end, and, if necessary, are re-appropriated in the subsequent fiscal year. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

Financial Condition

The School District has prepared its financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements – These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Budgetary comparison schedules – These schedules present comparisons of actual information to the legally adopted budget for the general fund and any major special revenue funds.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion is located in the financial section of this report following the audit opinion, and provides a narrative overview and analysis of the School District finances for fiscal year 2017.

OTHER INFORMATION

INDEPENDENT AUDIT

The School District has an independent audit performed by the firm of Baker Tilly Virchow Krause, LLP for the fiscal year ended June 30, 2017. The opinion of Baker Tilly Virchow Krause, LLC can be found at the beginning of the Financial Section of this report.

AWARDS

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The Certificate of Excellence is a prestigious national award recognizing conformance with the highest standards for preparation of state local government reports.

In order to be awarded the ASBO Certificate of Excellence, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The District has received the ASBO Certificate of Excellence for over 20 consecutive years. We believe the current report continues to conform to the ASBO Certificate of Excellence and the District will be submitting the report to ASBO.

ACKNOWLEDGEMENTS

A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to the preparation of this report.

Finally, sincere gratitude goes to the Board of Education where commitment to excellence begins.

Respectfully submitted,



Mr. Ron O'Connor, CSBO
Chief Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

J. Sterling Morton High School District 201

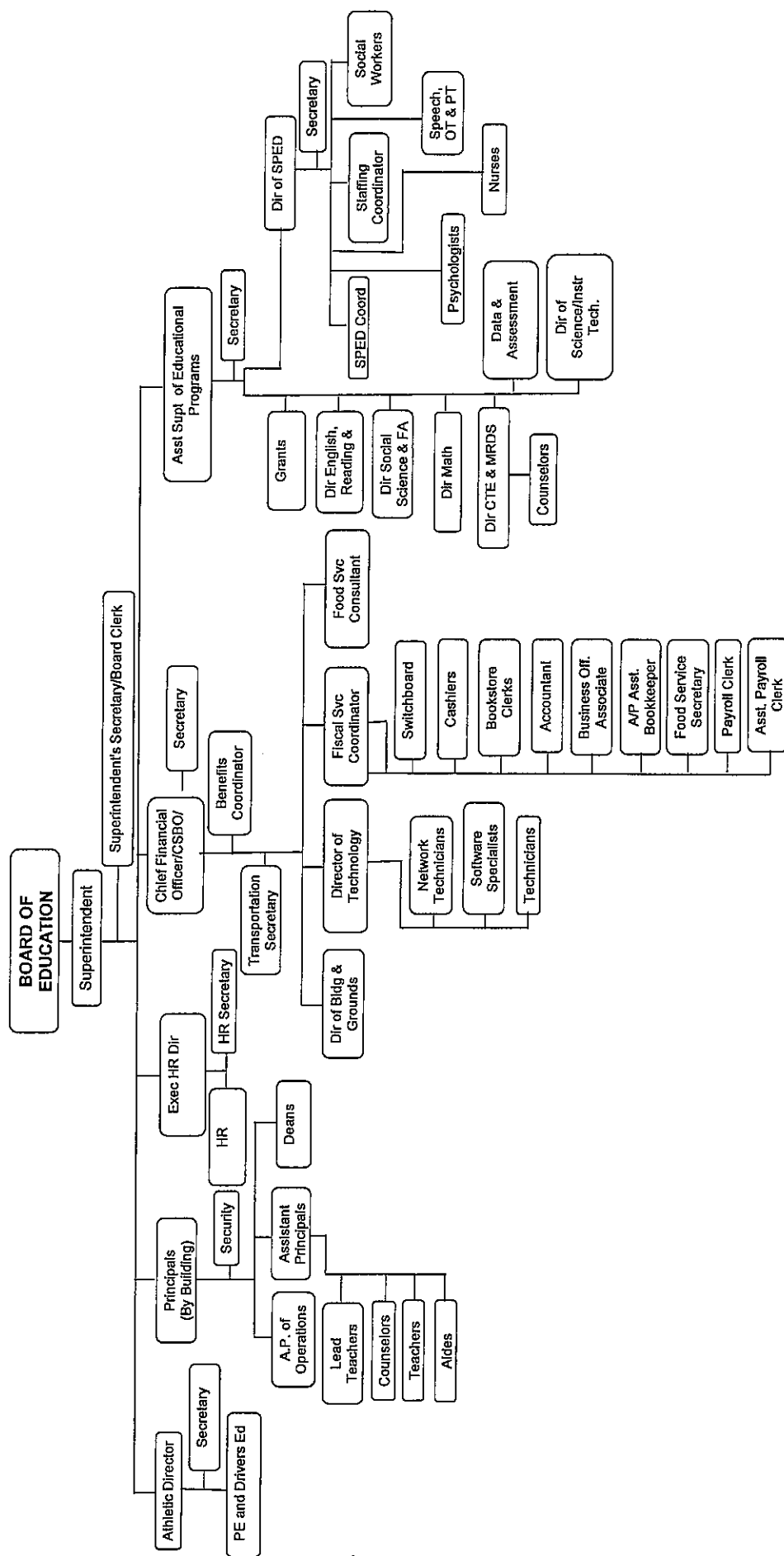
for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE, RSBA
Executive Director



J. Sterling Morton High School District No. 201
5801 West Cermak Road
Cicero, IL 60804

Officers and Officials

As of June 30, 2017

Board of Education

		<u>Term Expires</u>
Mr. Mark Kraft	President	April 2019
Mr. Lido Manetti	Vice President	April 2019
Ms. Jessica Jaramillo-Flores	Secretary	April 2021
Mr. Jeffry Pesek	Member	April 2019
Dr. Margaret Kelly	Member	April 2021
Mr. Kasumba Lwanga	Member	April 2021
Ms. Sandra Tomschin	Member	April 2021

District Administration

Mr. Timothy Truesdale	Superintendent
Dr. Terry Mootz	Asst. Superintendent for Educational Programs
Mr. Ronald O'Connor	Chief Financial Officer

Official Issuing Report

Mr. Ronald O'Connor	Chief Financial Officer
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Department Issuing Report

Business Office

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
J. Sterling Morton High School District 201
Cicero Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of J. Sterling Morton High School District 201, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise J. Sterling Morton High School District 201's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to J. Sterling Morton High School District 201's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of J. Sterling Morton High School District 201's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Education
J. Sterling Morton High School District 201

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of J. Sterling Morton High School District 201 as of June 30, 2017 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise J. Sterling Morton High School District 201's basic financial statements. The supplementary information for the year ended June 30, 2017 as listed in the table of contents is presented for purposes of additional analysis and is 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017, 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 is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

To the Board of Education
J. Sterling Morton High School District 201

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of J. Sterling Morton High School District 201 as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated October 12, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended June 30, 2016 is presented for purposes of additional analysis and is 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 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise J. Sterling Morton High School District 201's basic financial statements. The other information, the introductory and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited J. Sterling Morton High School District 201's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of J. Sterling Morton High School District 201's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering J. Sterling Morton High School District 201's internal control over financial reporting and compliance.

Baker Tilly Voichau Krause, LLP

Oak Brook, Illinois
October 10, 2017

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J. Sterling Morton High School District No. 201

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

Unaudited

As management of J. Sterling Morton High School District 201, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal found in the introductory section and the School District's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the School District exceeded its liabilities and deferred inflows at June 30, 2017 by \$73,403,398 (*net position*). During the year, net position increased by \$13,768,310 from ordinary activities.
- General revenues accounted for \$96,888,050 or 65% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$51,345,412 or 35% of total revenues of \$148,233,462.
- The School District had \$134,465,152 in expenses. Of these expenses, only \$51,345,412 was offset by program specific charges for services, grants or contributions. Current year general revenues (primarily property taxes and general state aid) totaled \$96,888,050, which provided for the \$83,119,740 net cost for these programs, with the \$13,768,310 remainder increasing net position for the year.
- Among governmental funds, the General Fund had \$112,516,292 in revenues, \$106,698,232 in expenditures, and \$115,482 in other financing uses for a net increase in fund balance of \$5,762,578.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School 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 comprehensive annual financial report also contains other supplementary information in addition to the basic financial statements.

The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide an increasingly detailed look at specific financial activities. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other non-major funds presented in total in one column.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during 2017?” The *Statement of Net Position* and the *Statements of Activities*, which appear on pages 13 - 14 in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide statements include *all assets, liabilities and deferred inflows and outflows* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

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 School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School District's fund financial statements can be found on pages 15 – 21 of this report. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's major funds.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Fiduciary Funds – The School District's only fiduciary fund is an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole and may serve over time as a useful indicator of the School District's financial position.

The School District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1, which is presented on the next page, provides a summary of the School District's net position for 2017 and 2016. The School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$73.4 million (*net position*) on June 30, 2017. As shown in Table 2 (on page 8), governmental activities resulted in a \$13.8 million increase in net position from the prior year. Other financial transactions of the School District affected the allocation among the three components of net position.

The largest component of net position is net investment in capital assets (\$88.7 million). This component increased by \$5.8 million from the prior year.

An additional portion (\$8.3 million) of the School District's assets represents resources that are subject to other external restrictions on how they may be used. This component consists of net position restricted for debt service and fire prevention and safety projects. The current year balance decreased compared to the prior year due to capital outlay in the current year.

Additionally, the District issued \$50 million in Qualified School Construction Bonds in May of 2017. The interest on these bonds is reimbursable by the federal government, which made them a lucrative option for boiler replacement at Morton East and adding a Freshman Academy wing at Morton West.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Any remaining balance of unrestricted net position may be used to meet a district's ongoing obligations to its general programs; however, for the School District this balance is negative (-\$23.6 million). The negative balance is an indication that the School District has utilized debt as a financing source for its general programs. The balance is net of approximately \$62.9 million in bonds payable, however, for which future revenues will be provided through a direct annual levy to service the debt.

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>2016</u>	<u>2017</u>
Assets:		
Current and other assets	\$ 93.1	\$ 143.2
Capital Assets	<u>83.0</u>	<u>88.7</u>
Total assets	<u>176.1</u>	<u>231.9</u>
Total deferred outflows of resources	<u>11.9</u>	<u>11.9</u>
Liabilities:		
Current liabilities	8.5	2.6
Long-term debt outstanding	<u>95.8</u>	<u>144.1</u>
Total liabilities	<u>104.3</u>	<u>146.7</u>
Total deferred inflows of resources	<u>24.1</u>	<u>23.7</u>
Net position:		
Net investment in capital assets	82.9	88.7
Restricted	9.7	8.3
Unrestricted	<u>(33.0)</u>	<u>(23.6)</u>
Total net position	<u>\$ 59.6</u>	<u>\$ 73.4</u>

Table 2 on the next page shows the changes in total net position from governmental activities for fiscal years 2017 and 2016.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 2
Changes in Net Position
(in millions of dollars)

	<u>2016</u>	<u>2017</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 2.1	\$ 2.6
Operating grants & contributions	37.7	48.6
Capital grants & contributions	-	.2
<i>General revenues:</i>		
Taxes	50.1	52.8
General state aid	40.7	43.5
Other	0.2	.5
Total revenues	<u>130.8</u>	<u>148.2</u>
Expenses:		
Instruction	72.5	84.0
Pupil & instructional staff services	12.4	12.8
Administration & business	9.9	11.3
Transportation	3.0	3.5
Operations & maintenance	13.1	14.0
Other	7.8	8.8
Total expenses	<u>118.7</u>	<u>134.4</u>
Increase (decrease) in net position	<u>\$ 12.1</u>	<u>\$ 13.8</u>

Governmental activities increased the District's net position by \$13.8 million for fiscal year 2017. The major source of revenues for governmental activities of the School District was local property taxes, which provided 35% and 38% of the School District's revenues in fiscal years 2017 and 2016, respectively. State and federal funding in the form of grants and entitlements provided another significant source of revenues to the School District, providing 62% and 60% of revenues in fiscal years 2017 and 2016. The remainder of revenues was derived from charges for services, investment earnings and other miscellaneous revenues, which provided 2% of revenues in fiscal year 2016 and approximately .5% in fiscal year 2017. These revenues for governmental activities support the various instructional programs, support services and financing of the District.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The major category of governmental activities provided by the School District is its instructional programs, which comprised 72% of total governmental program expenses in both 2017 and 2016. Support services activities comprised another 21% of governmental program expenses in both 2017 and 2016 with financing activities comprising the remaining 7% in both 2017 and 2016.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds starts on page 15. Recall that the funds are accounted for using the modified accrual basis of accounting, which provides information to help determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The fund balances for all of the School District's governmental funds totaled \$115.5 million as of June 30, 2017. The balances and transactions of the School District's major funds are summarized below.

The General Fund had \$112.6 million in revenues and \$106.7 million in expenditures for a net increase in fund balance of \$5.8 million for fiscal year 2017. The General Fund ended the year with a fund balance of \$54.2 million at June 30, 2017.

The Transportation Fund had approximately \$3.29 million in revenues and \$3.25 million in expenditures for a net decrease in fund balance of \$0.1 million for fiscal 2017. The Transportation Fund ended the year with a fund balance of \$0.6 million at June 30, 2017.

Within the Debt Service Fund, revenues consist primarily of property taxes levied for debt service purposes and expenditures consist of the related debt service payments. The fund balance increased by approximately \$.2 million during fiscal year 2017. The fund balance at June 30, 2017 totaled \$6.5 million for debt service payments due in the subsequent fiscal year.

GENERAL FUND – BUDGET HIGHLIGHTS

The School District's budget, which was not amended during the year, is prepared according to Illinois law using the modified accrual basis of accounting, which is the same basis that is used for financial reporting, except that pension contributions made by the State of Illinois on-behalf of the School District, for which revenues and expenditures are equal, are not included in either budgeted revenues or expenditures.

The General Fund net change in fund balance for the year ended June 30, 2017 was budgeted to increase by \$60,066. The fund actual results showed an increase of \$5,762,578, largely due to fiscal services and regular programs being below budget.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

CAPITAL ASSETS

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2016</u>	<u>2017</u>
Land	\$ 13.6	\$ 13.6
Construction in Progress	2.3	.4
Land improvements	1.0	1.1
Buildings	50.6	56.1
Improvements	6.8	7.5
Equipment	8.7	10.0
Total	<u>\$ 83.0</u>	<u>\$ 88.7</u>

Table 3 shows fiscal year 2017 balances compared to fiscal year 2016. At the end of fiscal year 2017, the School District had \$88.7 million invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and books and educational media (amount includes construction in progress). Capital assets (net of depreciation) increased by approximately \$5.7 million. The School District invested \$9.7 million in capital asset additions during the year and recorded \$4.0 million in depreciation expense, resulting in the net increase in capital assets (net of depreciation) for fiscal year 2017.

For more information on capital assets, refer to Note 6 of the notes to the basic financial statements.

DEBT ADMINISTRATION

At June 30, 2017, the School District had \$58,028,145 in capital appreciation long-term debt outstanding; of the total, \$9,195,000 is due within one year, and \$50,000,000 in Qualified School Construction Bonds outstanding. Table 4 summarizes debt outstanding:

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2016</u>	<u>2017</u>
Capital appreciation bonds	\$ 62.7	\$ 58.0
Qualified School Construction Bonds		50.0
Unamortized premium	5.4	4.9
Capital leases	.1	-
Other post-employment benefits	2.2	1.8
Net pension liability	24.7	28.7
EPA loans	.1	-
Compensated absences	.6	.7
Total	<u>\$ 95.8</u>	<u>\$ 144.1</u>

For more information on debt, refer to Note 7 of the notes to the basic financial statements.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

The Board of Education will face many challenges over the next few school years. Despite the state of Illinois revising its distribution of dollars, there are still plans of Mandated Categorical Funds (MCATs) being combined with this new formula. MCATs have not been paid on time for years. The Teacher Retirement System has created a Tier III which allows for pension cost shift of 2% for those employees. The Corporate Personal Property Replacement Tax (CPPRT) funds have been reduced for the next two year due to statutory changes that were not reflected in state calculations. Keeping the reduction of GSA in mind, the FY2017 budget was developed in a manner that was conservative in its revenue projections yet adequate in its expenditure allocations to instructional programs. In conclusion, J. Sterling Morton High School District 201 has committed itself to scholastic as well as financial excellence for many years. The District's systems for financial planning, budgeting and internal control are well regarded. The District will continue to be prudent in financial management in order to meet the challenges of the future.

The State of Illinois has instituted a program called the School District Financial Profile. It is a system used to assess a school district's financial health. The State Financial Profile uses 5 indicators to determine the financial health of each school district in the State. The 5 ratios are: 1) Fund Balance to Revenue Ratio (FBRR), 2) Expenditures to Revenue Ratio (EXRV), 3) Days Cash on Hand (DCOH), 4) Percent of Short-term Borrowing Ability Remaining (STB) and 5) Percent of Long-term Debt Remaining (LTD). Based upon these indicators a district is assigned one of 4 rankings as follows: Financial Recognition, Financial Review, Financial Early Warning or Financial Watch. The School District received the following scores and ranking:

(Table 5)
State School District Financial Profile

Indicator	Possible Score	District Score	District Ranking
FBRR	1.40	1.40	
EXRV	1.40	1.40	
DCOH	0.40	0.40	
STB	0.40	0.40	
LTD	0.40	0.10	
	4.00	3.70	Recognition

The School District's ranking remained Recognition for fiscal year 2017. The District's Days Cash on Hand (DCOH) slightly decreased from 204.70 to 196.38 days. The Fund Balance to Revenue Ratio (FBRR) increased from .512 to .543. The District's Percent of Long-Term Debt Margin Remaining (LTD) score stayed consistent from the prior year. With careful planning and monitoring of our finances, J. Sterling Morton High School District 201's Board of Education is committed to providing a quality education for our students and a secure financial future for the School District.

J. Sterling Morton High School District No. 201
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Ron O'Connor, Chief Financial Officer for J. Sterling Morton High School District 201, 5801 W. Cermak Rd. Cicero, IL 60804.

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

STATEMENT OF NET POSITION

AS OF JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 105,345,993
Receivables (net of allowance for uncollectibles):	
Property taxes	23,377,304
Replacement taxes	1,041,759
Intergovernmental	6,637,686
Other	28,807
Inventory	110,632
Prepays	545,360
Restricted investments	6,113,027
Capital assets:	
Land	13,629,003
Construction in progress	374,705
Depreciable buildings, property and equipment, net	<u>74,659,613</u>
Total assets	<u>231,863,889</u>
Deferred outflows of resources	
Deferred outflows related to pensions	<u>11,888,575</u>
Total deferred outflows of resources	<u>11,888,575</u>
Liabilities	
Accounts payable	1,340,627
Salaries and wages payable	45,054
Interest payable	185,533
Health claims payable	1,030,887
Long-term liabilities:	
Other long-term liabilities - due within one year	9,244,036
Other long-term liabilities - due after one year	<u>134,804,918</u>
Total liabilities	<u>146,651,055</u>
Deferred inflows of resources	
Property taxes levied for future periods	23,377,304
Deferred inflows related to pensions	<u>320,707</u>
Total deferred inflows of resources	<u>23,698,011</u>
Net position	
Net investment in capital assets	88,663,321
Restricted for:	
Operations and maintenance	246,134
Student transportation	567,347
Debt service	6,642,261
Capital projects	900,794
Unrestricted	<u>(23,616,459)</u>
Total net position	<u>\$ 73,403,398</u>

See Notes to Basic Financial Statements

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities					
Instruction:					
Regular programs	\$ 33,178,545	\$ 1,527,469	\$ 2,412,446	\$ -	\$ (29,238,630)
Special programs	14,734,292	-	8,465,598	-	(6,268,694)
Other instructional programs	5,410,783	367,477	1,020,760	-	(4,022,546)
State retirement contributions	30,799,388	-	30,799,388	-	-
Support Services:					
Pupils	7,833,545	-	-	-	(7,833,545)
Instructional staff	4,922,383	-	148,927	-	(4,773,456)
General administration	3,200,419	-	-	-	(3,200,419)
School administration	2,547,076	-	-	-	(2,547,076)
Business	5,599,793	619,088	3,642,999	-	(1,337,706)
Transportation	3,456,475	-	2,134,708	-	(1,321,767)
Operations and maintenance	14,002,319	47,718	-	158,834	(13,795,767)
Central	3,079,919	-	-	-	(3,079,919)
Other supporting services	923,478	-	-	-	(923,478)
Community services	278,346	-	-	-	(278,346)
Payments to other districts and gov't units - excluding special education	9,494	-	-	-	(9,494)
Interest and fees	4,488,897	-	-	-	(4,488,897)
Total governmental activities	\$ 134,465,152	\$ 2,561,752	\$ 48,624,826	\$ 158,834	(83,119,740)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	26,494,465
Real estate taxes, levied for specific purposes	9,574,781
Real estate taxes, levied for debt service	9,404,948
Personal property replacement taxes	7,352,297
State aid-formula grants	43,510,708
Investment income	550,215
Miscellaneous	636
Total general revenues	96,888,050

Change in net position 13,768,310

Net position, beginning of year 59,635,088

Net position, end of year \$ 73,403,398

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 48,732,444	\$ 2,696,497	\$ 1,574,181	\$ 1,071,677
Receivables (net allowance for uncollectibles):				
Property taxes	13,569,207	3,011,375	538,414	1,393,967
Replacement taxes	1,041,759	-	-	-
Intergovernmental	5,409,158	-	1,069,694	-
Other	28,807	-	-	-
Loan to tort immunity/judgment fund	1,500,000	-	-	-
Inventory	110,632	-	-	-
Prepays	289,574	246,134	9,652	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 70,681,581</u>	<u>\$ 5,954,006</u>	<u>\$ 3,191,941</u>	<u>\$ 2,465,644</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 674,462	\$ 649,177	\$ 16,988	\$ -
Salaries and wages payable	34,294	10,760	-	-
Due to other governments	-	-	-	-
Loan from tort/immunity/judgment fund	-	-	1,500,000	-
Health claims payable	1,030,887	-	-	-
Total liabilities	<u>1,739,643</u>	<u>659,937</u>	<u>1,516,988</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for future periods	13,569,207	3,011,375	538,414	1,393,967
Unavailable state and federal aid receivable	1,198,361	-	534,847	-
Unavailable other receivable	-	-	-	-
Total deferred inflows of resources	<u>14,767,568</u>	<u>3,011,375</u>	<u>1,073,261</u>	<u>1,393,967</u>
Fund balance				
Nonspendable	400,206	246,134	9,652	-
Restricted	-	-	22,848	1,071,677
Assigned	-	2,036,560	569,192	-
Unassigned	53,774,164	-	-	-
Total fund balance	<u>54,174,370</u>	<u>2,282,694</u>	<u>601,692</u>	<u>1,071,677</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 70,681,581</u>	<u>\$ 5,954,006</u>	<u>\$ 3,191,941</u>	<u>\$ 2,465,644</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2017	2016
\$ 370,400	\$ 38,844,496	\$ 12,056,298	\$ 105,345,993	\$ 59,026,170
4,864,341	-	-	23,377,304	23,172,817
-	-	-	1,041,759	1,074,791
158,834	-	-	6,637,686	3,246,026
-	-	-	28,807	17,000
-	-	-	1,500,000	-
-	-	-	110,632	110,632
-	-	-	545,360	564,222
6,113,027	-	-	6,113,027	5,890,507
<u>\$ 11,506,602</u>	<u>\$ 38,844,496</u>	<u>\$ 12,056,298</u>	<u>\$ 144,700,568</u>	<u>\$ 93,102,165</u>

\$ -	\$ -	\$ -	\$ 1,340,627	\$ 6,755,785
-	-	-	45,054	10,760
-	-	-	-	759,289
-	-	-	1,500,000	-
-	-	-	1,030,887	966,480
-	-	-	3,916,568	8,492,314

4,864,341	-	-	23,377,304	23,172,817
-	-	-	1,733,208	1,599,323
158,834	-	-	158,834	-
<u>5,023,175</u>	<u>-</u>	<u>-</u>	<u>25,269,346</u>	<u>24,772,140</u>

-	-	-	655,992	674,854
6,483,427	38,844,496	12,056,298	58,478,746	9,871,853
-	-	-	2,605,752	1,350,181
-	-	-	53,774,164	47,940,823
<u>6,483,427</u>	<u>38,844,496</u>	<u>12,056,298</u>	<u>115,514,654</u>	<u>59,837,711</u>
<u>\$ 11,506,602</u>	<u>\$ 38,844,496</u>	<u>\$ 12,056,298</u>	<u>\$ 144,700,568</u>	<u>\$ 93,102,165</u>

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2017

Total fund balances - governmental funds		\$ 115,514,654
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities and included in the Statement of Net Position do not require the expenditure of financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.		88,663,321
Certain revenues receivable by the District and recognized in the Statement of Net Position do not provide current financial resources and are included as deferred inflows of resources in the Governmental Funds Balance Sheet, as follows:		
Federal interest subsidy on Qualified School Construction Bond	\$ 158,834	
State and federal aid	<u>1,733,208</u>	
		1,892,042
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		11,888,575
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(320,707)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Balances at June 30, 2017 are:		
Bonds payable	\$ (108,028,145)	
Unamortized bond premium	(4,846,885)	
Net other post employment obligation	(1,787,019)	
Net pension liability	(28,683,730)	
Loans payable	(49,036)	
Interest payable	(185,533)	
Compensated absences	<u>(654,139)</u>	
		<u>(144,234,487)</u>
Net position of governmental activities		<u>\$ 73,403,398</u>

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 26,494,465	\$ 5,829,026	\$ 1,054,256	\$ 2,694,858
Corporate personal property replacement taxes	6,752,297	-	-	600,000
State aid	64,850,845	13,400,000	2,227,643	-
Federal aid	11,523,161	-	-	-
Investment income	518,314	11,937	4,411	10,325
Other	2,437,210	125,178	-	-
Total revenues	<u>112,576,292</u>	<u>19,366,141</u>	<u>3,286,310</u>	<u>3,305,183</u>
Expenditures				
Current:				
Instruction:				
Regular programs	29,649,612	-	-	340,439
Special programs	12,928,119	-	-	331,797
Other instructional programs	5,152,847	-	-	122,424
State retirement contributions	30,799,388	-	-	-
Support Services:				
Pupils	7,238,228	-	-	311,547
Instructional staff	4,846,188	-	-	136,489
General administration	2,246,757	-	-	127,460
School administration	2,295,007	-	-	125,594
Business	4,642,234	-	-	352,283
Transportation	1,861	-	3,259,112	12,615
Operations and maintenance	-	11,145,787	-	1,168,639
Central	2,823,170	-	-	118,878
Other supporting services	807,148	459,190	-	24
Community services	248,259	-	-	24,166
Payments to other districts and gov't units	845,189	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	2,174,225	6,398,421	-	-
Total expenditures	<u>106,698,232</u>	<u>18,003,398</u>	<u>3,259,112</u>	<u>3,172,355</u>
Excess (deficiency) of revenues over expenditures	<u>5,878,060</u>	<u>1,362,743</u>	<u>27,198</u>	<u>132,828</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(39,770,619)	(50,000)	-	-
Principal on bonds sold	39,655,137	-	-	-
Total other financing sources (uses)	<u>(115,482)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,762,578	1,312,743	27,198	132,828
Fund balance, beginning of year	48,411,792	969,951	574,494	938,849
Fund balance, end of year	<u>\$ 54,174,370</u>	<u>\$ 2,282,694</u>	<u>\$ 601,692</u>	<u>\$ 1,071,677</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	CAPITAL PROJECTS FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
			2017	2016
\$ 9,404,948	\$ -	\$ (3,359)	\$ 45,474,194	\$ 44,891,392
-	-	-	7,352,297	5,210,151
-	-	-	80,478,488	65,029,204
-	-	-	11,523,161	11,713,269
5,228	-	-	550,215	154,801
-	-	-	2,562,388	2,201,482
<u>9,410,176</u>	<u>-</u>	<u>(3,359)</u>	<u>147,940,743</u>	<u>129,200,299</u>
-	-	-	29,990,051	30,460,296
-	-	-	13,259,916	13,103,767
-	-	-	5,275,271	4,962,890
-	-	-	30,799,388	19,122,886
-	-	-	7,549,775	7,385,440
-	-	-	4,982,677	4,656,310
-	-	-	2,374,217	2,178,398
-	-	-	2,420,601	2,336,118
-	-	-	4,994,517	5,141,699
-	-	-	3,273,588	2,911,870
-	-	-	12,314,426	12,082,971
-	-	-	2,942,048	2,658,234
-	-	-	1,266,362	1,316,809
-	-	-	272,425	337,879
-	-	-	845,189	938,128
9,353,158	-	-	9,353,158	9,346,659
371,039	-	-	371,039	13,797
-	810,641	595,865	9,979,152	9,478,520
<u>9,724,197</u>	<u>810,641</u>	<u>595,865</u>	<u>142,263,800</u>	<u>128,432,671</u>
<u>(314,021)</u>	<u>(810,641)</u>	<u>(599,224)</u>	<u>5,676,943</u>	<u>767,628</u>
165,482	39,655,137	-	39,820,619	165,456
-	-	-	(39,820,619)	(165,456)
344,863	-	10,000,000	50,000,000	-
<u>510,345</u>	<u>39,655,137</u>	<u>10,000,000</u>	<u>50,000,000</u>	<u>-</u>
196,324	38,844,496	9,400,776	55,676,943	767,628
6,287,103	-	2,655,522	59,837,711	59,070,083
<u>\$ 6,483,427</u>	<u>\$ 38,844,496</u>	<u>\$ 12,056,298</u>	<u>\$ 115,514,654</u>	<u>\$ 59,837,711</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 55,676,943

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year net capital outlay exceeds depreciation expense. 5,642,537

Certain revenues included in the Statement of Activities do not provide current financial resources and, therefore, are included as deferred inflows of resources in the fund statements:

Federal subsidy QSCB	\$ 158,834	
State and federal aid	<u>133,885</u>	
		292,719

The governmental funds report bond and loan proceeds as an other financing source, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Amortization of premium on bond issuances	\$ 592,206	
Repayment of bond principal	9,195,000	
Repayment of EPA loan principal	44,987	
Repayment of capital lease principal	113,171	
Accretion on bonds	<u>(4,524,531)</u>	
		5,420,833

In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, certain of these items are included in the governmental funds only to the extent that they require the expenditure of current financial resources:

Interest payable	\$ (185,533)	
Compensated absences	(32,226)	
Other post employment benefits	342,931	
Net pension liability	(3,978,370)	
Deferred outflows of resources due to pensions	(8,357)	
Deferred inflows of resources due to pensions	<u>596,833</u>	
		(3,264,722)

Proceeds from issuance of debt are recorded as financing sources in the governmental funds. However, in the government-wide statements, issuing debt increases the long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities. This is the amount of current year proceeds. (50,000,000)

Change in net position of governmental activities \$ 13,768,310

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017

	AGENCY FUND
<hr/>	
Assets	
Cash and investments	\$ 929,414
Total assets	<u>\$ 929,414</u>
Liabilities	
Due to student groups	\$ 929,414
Total liabilities	<u>\$ 929,414</u>

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Sterling Morton High School District 201 (the "District") operates as a public school system governed by a seven-member board. The District is organized under the School Code of the State of Illinois, as amended. The accounting policies of the District conform to the accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District.

Reporting Entity

This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's operating activities are all considered "governmental activities", that is, activities normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) amounts paid by the recipient of goods or services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Funds Financial Statements

Governmental funds financial statements are organized and operated on the basis of funds and are used to account for the District's general governmental activities. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund balance, revenues and expenditures. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds; the fiduciary funds are excluded from the government-wide financial statements.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus, while the fiduciary fund statements do not have a measurement focus. The government-wide financial statements and the fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, expenditures for unmatured principal and interest on general long-term debt are recognized when due; and certain compensated absences, claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Major Governmental Funds

General Fund - the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. This fund is primarily used for most of the instructional and administrative aspects of the District's operations. Revenues consist largely of local property taxes and state government aid.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds.

Operations and Maintenance Fund - accounts for expenditures made for repair and maintenance of the District's buildings and land. Revenue consists primarily of local property taxes and state government aid.

Transportation Fund - accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

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

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

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

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capital Projects Fund - accounts for construction projects and renovations financed through serial bond issues or state grants.

Fire Prevention and Life Safety Fund - accounts for State-approved life safety projects financed through serial bond issues or local property taxes levied specifically for such purposes.

Other Fund Types

Fiduciary Funds - account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

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

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

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until earned.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments are stated at fair value. Changes in fair value of investments are included as investment income.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental activities column in the statement of net position. Receivables are expected to be collected within one year.

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2016 levy resolution was approved during the November 7, 2016 board meeting. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year.

The tax rate ceilings are applied at the fund level. These ceilings are established by state law subject to change only by the approval of the voters of the District.

The PTELA limitation is applied in the aggregate to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property becoming eligible for taxation. The CPI rates applicable to the 2016 and 2015 tax levies were 0.7% and 0.8%, respectively.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1 and the second due on the later of August 1 or 30 days after the second installment tax bill is mailed. The first installment is an estimated bill, and is fifty-five percent of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. Property taxes are normally collected by the District within 60 days of the due date.

The 2016 property tax levy is recognized as a receivable in fiscal 2017, net of estimated uncollectible amounts approximating 2.0% and less amounts already received. The District considers that the first installment of the 2016 levy that is received by June 30, 2017 is to be used to finance operations in fiscal 2017. The District has determined that the remaining uncollected portion of the 2016 levy is to be used to finance operations in fiscal 2018 and has been included the corresponding receivable as a deferred inflow of resources.

Personal Property Replacement Taxes

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

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capital Assets

Capital assets, which include land, construction in process, buildings and improvements, and furniture and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and building improvements	40-50 years
Land improvements	15-20 years
Furniture, equipment and vehicles	3-20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2017 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the applicable bonds using the effective interest method. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. 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.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Deferred Inflows of Resources

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

Equity Classifications

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less than any unspent debt proceeds.

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

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources.

Equity is classified as fund balance in the fund financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. inventory, prepaid items, permanent scholarships).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision making authority, the Board of Education. This formal action (a resolution) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board of Education board that originally created the commitment.

Assigned - includes general fund amounts constrained for a specific purpose by the Board of Education or by an official that has been delegated authority to assign amounts. Currently this authority has not been delegated. The Board of Education may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Governmental fund balances reported on the fund financial statements at June 30, 2017 are as follows:

The nonspendable fund balance in the General Fund is comprised of \$110,632 for inventory and \$289,574 for prepaid items. The nonspendable balances in the Operations and Maintenance Fund and Transportation Fund were \$246,134, and \$9,652, respectively, are for prepaid items. The remaining restricted fund balances are for the purpose of the respective funds as described above in the Major Governmental Funds section. The committed and assigned fund balances are for the purpose of the respective fund as described above in the Major Governmental Funds section.

Comparative Data

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which such summarized information was derived.

Eliminations and Reclassifications

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

For the year ended June 30, 2017, expenditures exceeded budget in the Transportation Fund, Debt Service Fund, Capital Projects Fund, and Fire Prevention & Life Safety Fund by \$8,283, \$363,741, \$810,641, and \$595,865, respectively and were funded by available financial resources.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the District's cash and investments was comprised of the following:

	<i>Government- wide</i>	<i>Fiduciary</i>	<i>Total</i>
Cash and investments	\$ 105,345,993	\$ 929,414	\$ 106,275,407
Restricted cash and investments	<u>6,113,027</u>	<u>-</u>	<u>6,113,027</u>
Total	<u>\$ 111,459,020</u>	<u>\$ 929,414</u>	<u>\$ 112,388,434</u>

The restricted cash and investments represents holdings at The Bank of New York Mellon and are invested in the JP Morgan 100% US Treasury Capital Money Market Fund. These funds are restricted for repayment of the District's 2004B, 2004C, 2005B and 2005C Capital Appreciation Bonds.

For disclosure purposes, this amount is segregated into the following components:

	<i>Cash and investments</i>
Cash on hand	\$ 7,500
Deposits with financial institutions	48,945,822
Money market mutual fund	5,569,333
ISDLAF+	4,892,155
Other investments	<u>52,973,624</u>
Total	<u>\$ 112,388,434</u>

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's investments subject to fair value measurement are categorized in the below table based upon the valuation methodology utilized at year end.

<i>Investment Type</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Negotiable CDs	\$ -	\$ 2,736,465	\$ -	\$ 2,736,465
FNMA	-	6,461,191	-	6,461,191
FHLMC	-	5,972,185	-	5,972,185
FFCB	-	2,983,060	-	2,983,060
Municipal bonds	<u>-</u>	<u>34,820,723</u>	<u>-</u>	<u>34,820,723</u>
Total	<u>\$ -</u>	<u>\$ 52,973,624</u>	<u>\$ -</u>	<u>\$ 52,973,624</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

At year end, the District had the following investments subject to interest rate risk:

	<i>Fair Value</i>	<i>Investment Maturity (In Years)</i>			
		<i>Less than one</i>	<i>1-5</i>	<i>5-10</i>	<i>More than 10</i>
Negotiable CD's	\$ 2,736,465	\$ -	\$ 2,736,465	\$ -	\$ -
FNMA	6,461,191	-	6,461,191	-	-
FHLMC	5,972,185	-	5,972,185	-	-
FFCB	2,983,060	-	2,983,060	-	-
Municipal bonds	34,820,723	5,119,799	29,700,924	-	-
Total	<u>\$ 52,973,624</u>	<u>\$ 5,119,799</u>	<u>\$ 47,853,825</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State Statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). Ratings for the negotiable certificates of deposit were unavailable. The Municipal Bonds held by the District at year end were rated AA and AAA by Standard and Poor.

The JP Morgan 100% US Treasury Capital Money Market Fund invests solely in debt securities of the US Treasury, including Treasury bills, bonds and notes. These investments carry different interest rates, maturities and issue dates. The JP Morgan US Treasury Capital Money Market Fund is rated AAA_{mf} by Standard and Poor and Aaa-_{mf} by Moody's investment rating agencies.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. The trust is not registered with the SEC as an investment company. Investments are rated AAA_{mf} and are valued at share price, which is the price for which the investment could be sold.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The following investments exceed 5% of the District's total portfolio of investment subject to concentration of credit risk: Federal Home Loan Mortgage Corporation Discount Note - 10.20%, Federal National Mortgage Association Note - 11.04%, Federal Farm Credit Banks - 5.10%, New York Transitional Fin - 5.15%.

Custodial Credit Risk - Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2017, the bank balance of the District's deposit with financial institutions totaled \$44,918,009; of this amount, \$4,147,516 was uncollateralized and uninsured.

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

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - INTERFUND LOANS

The composition of interfund loan balances as of June 30, 2017 for the District's individual major funds, is as follows:

<i>Loan Receivable Fund</i>	<i>Loan Payable Fund</i>	<i>Amount</i>
General Fund (Working Cash Accounts)	Transportation Fund	\$ 1,500,000
Total		<u>\$ 1,500,000</u>

The Board of Education approved the above loan on June 14, 2017 with an effective date of March 31, 2017 due to delays in State of Illinois funding. All amounts will be repaid within one year of the effective date of the loan.

NOTE 5 - INTERFUND TRANSFERS

During the year, the Board transferred \$50,000 from the Operations and Maintenance Fund to the Debt Service Fund for payment of interest and principal for the EPA loan. The Board transferred \$115,482 from the General Fund (Educational Accounts) to the Debt Service Fund for payment of interest and principal on the capital lease. The Board also transferred \$39,655,137 from the General Fund (Working Cash Accounts) to the Capital Projects Fund for future capital projects.

State law allows for the above transfers.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<u>Capital assets not being depreciated:</u>				
Land	\$ 13,629,003	\$ -	\$ -	\$ 13,629,003
Construction in progress	<u>2,312,747</u>	<u>374,705</u>	<u>2,312,747</u>	<u>374,705</u>
Total capital assets not being depreciated	<u>15,941,750</u>	<u>374,705</u>	<u>2,312,747</u>	<u>14,003,708</u>
<u>Capital assets being depreciated:</u>				
Land improvements	1,111,541	116,151	-	1,227,692
Buildings	82,904,317	7,323,617	-	90,227,934
Building improvements	8,693,575	1,242,098	-	9,935,673
Equipment	<u>28,679,009</u>	<u>2,911,293</u>	<u>30,000</u>	<u>31,560,302</u>
Total capital assets being depreciated	<u>121,388,442</u>	<u>11,593,159</u>	<u>30,000</u>	<u>132,951,601</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements	79,911	61,385	-	141,296
Buildings	32,302,279	1,821,018	-	34,123,297
Building improvements	1,913,479	496,785	-	2,410,264
Equipment	<u>20,013,739</u>	<u>1,633,392</u>	<u>30,000</u>	<u>21,617,131</u>
Total accumulated depreciation	<u>54,309,408</u>	<u>4,012,580</u>	<u>30,000</u>	<u>58,291,988</u>
Net capital assets being depreciated	<u>67,079,034</u>	<u>7,580,579</u>	<u>-</u>	<u>74,659,613</u>
Net governmental activities capital assets	<u>\$ 83,020,784</u>	<u>\$ 7,955,284</u>	<u>\$ 2,312,747</u>	<u>\$ 88,663,321</u>

Depreciation expense was recognized in the operating activities of the District as follows:

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular programs	\$ 2,728,554
Special programs	321,006
Pupils	20,063
Instructional staff	40,126
General administration	20,063
School administration	40,126
Business	20,063
Transportation	120,377
Operations and maintenance	662,076
Central	<u>40,126</u>
Total depreciation expense - governmental activities	<u>\$ 4,012,580</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - LONG TERM LIABILITIES

Changes in General Long-term Liabilities. The following is the long-term liability activity for the District for the year ended June 30, 2017:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
General obligation bonds	\$ -	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
Capital appreciation bonds	62,698,614	4,524,531	9,195,000	58,028,145	9,195,000
Unamortized premium	5,439,091	-	592,206	4,846,885	-
Total bonds payable	<u>68,137,705</u>	<u>54,524,531</u>	<u>9,787,206</u>	<u>112,875,030</u>	<u>9,195,000</u>
Net Pension Liability	24,705,360	5,813,500	1,835,130	28,683,730	-
Capital leases	113,171	-	113,171	-	-
Other Post Employment Benefits	2,129,950	573,559	916,490	1,787,019	-
EPA Loans	94,023	-	44,987	49,036	49,036
Compensated absences	621,913	57,935	25,709	654,139	-
Total long-term liabilities - governmental activities	<u>\$ 95,802,122</u>	<u>\$ 60,969,525</u>	<u>\$ 12,722,693</u>	<u>\$ 144,048,954</u>	<u>\$ 9,244,036</u>

The net pension liability will be repaid from the Illinois Municipal Retirement/Social Security Fund and the General Fund. The capital leases will be repaid from the Debt Service Fund and funded with transfers from the General Fund. The obligations for the compensated absences and other post-employment benefits will be repaid from the General Fund. The EPA loan will be repaid from the Debt Service Fund and funded with transfers from the Operations and Maintenance Fund.

In April 2017, the District issued its Taxable General Obligation Limited Tax School Bonds, in the amount of \$50,000,000 to increase the working cash fund of the District, such funds to be used to finance improvements to facilities of the District, provide funds to make school fire prevention and safety improvements to facilities of the District, and to pay costs associated with the issuance of the Bonds. The bonds were issued in connection with the Qualified School Construction Bonds - Direct Subsidy, whereby interest payments are due semi-annually at a rate of 4.845% which is subsidized by the Federal government at a rate of 4.46%, less a 7% sequestration reduction factor throughout the life of the bonds. There is no guarantee of the amount of the subsidy the District will receive in the future.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)

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

<i>Purpose</i>	<i>Interest Rates</i>	<i>Original Indebtedness</i>	<i>Face Amount</i>	<i>Carrying Amount</i>
Series 2004B Capital Appreciation Limited Tax School Bonds dated February 19, 2004 are due in annual installments through December 1, 2020	4.8% - 5.0%	\$ 5,638,957	\$ 12,660,000	\$ 11,145,081
Series 2004C Capital Appreciation Limited Tax School Bonds dated February 19, 2004 are due in annual installments through December 1, 2018	4.8% - 6.0%	24,238,841	10,400,000	9,904,078
Series 2005B Capital Appreciation Limited Tax School Bonds dated November 17, 2005 are due in annual installments through December 1, 2024	5.3% - 5.8%	18,500,926	47,455,000	31,376,666
Series 2005C Capital Appreciation Limited Tax School Bonds dated December 1, 2005 are due in annual installments through December 1, 2025	5.0%	2,035,598	11,560,000	5,602,320
Series 2017 Qualified School Construction Bonds dated December 1, 2017 are due on December 1, 2041	4.845%	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Total		<u>\$ 100,414,322</u>	<u>\$ 132,075,000</u>	<u>\$ 108,028,145</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows for governmental type activities:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	\$ 9,195,000	\$ 2,509,979	\$ 11,704,979
2019	9,195,000	2,422,500	11,617,500
2020	9,195,000	2,422,500	11,617,500
2021	9,195,000	2,422,500	11,617,500
2022	9,195,000	2,422,500	11,617,500
2023 - 2027	36,100,000	12,112,500	48,212,500
2028 - 2032	-	12,112,500	12,112,500
2033 - 2037	-	12,112,500	12,112,500
2038 - 2042	<u>50,000,000</u>	<u>10,901,250</u>	<u>60,901,250</u>
Total	<u>\$ 132,075,000</u>	<u>\$ 59,438,729</u>	<u>\$ 191,513,729</u>

	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Sinking Fund Activity**</i>	<i>Total Cash Requirements</i>
2018	\$ 9,195,000	\$ 2,509,979	\$ 11,704,979	\$ -	\$ 11,704,979
2019	9,195,000	2,422,500	11,617,500	1,030,000	12,647,500
2020	9,195,000	2,422,500	11,617,500	1,030,000	12,647,500
2021	9,195,000	2,422,500	11,617,500	1,030,000	12,647,500
2022	9,195,000	2,422,500	11,617,500	1,030,000	12,647,500
2023 - 2027	36,100,000	12,112,500	48,212,500	4,290,000	52,502,500
2028 - 2032	-	12,112,500	12,112,500	10,075,000	22,187,500
2033 - 2037	-	12,112,500	12,112,500	10,075,000	22,187,500
2038 - 2042	<u>50,000,000</u>	<u>10,901,250</u>	<u>60,901,250</u>	<u>(28,560,000)</u>	<u>32,341,250</u>
Total	<u>\$ 132,075,000</u>	<u>\$ 59,438,729</u>	<u>\$ 191,513,729</u>	<u>\$ -</u>	<u>\$ 191,513,729</u>

** Final coupon rate is 4.845%. Sinking fund earnings assumed an investment rate of 2.29%. The final Sinking Fund Payment will be adjusted based on the amount of Sinking Fund earnings then existing in the Sinking Fund account, in an amount sufficient to make the interest payment due on that date.

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit for the District was \$99,516,835, providing a debt margin of \$25,800,461.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - LONG TERM LIABILITIES - (CONTINUED)

On July 21, 2009 the Environmental Protection Agency (EPA) reached a settlement with the District on past costs. The settlement resulted in the District owing \$398,767, plus interest accruing at 5.42%, to be repaid in annual payments of \$50,000 through 2018. The EPA Loan will be repaid from the Debt Service Fund, and funded through transfers from the Operations and Maintenance Fund. The future minimum loan payments and the net present value of these minimum loan payments as of June 30, 2017, are as follows:

	<i>Amount</i>
2018	\$ 50,000
Total minimum loan payments	50,000
Less: amount representing interest	(964)
Present value of minimum loan payments	<u>\$ 49,036</u>

NOTE 8 - RISK MANAGEMENT

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

The District is self-insured for medical and dental coverage that is provided to District personnel. A third party administrator administers claims for a monthly fee per participant. Expenditures are recorded as incurred in the form of direct contributions from the District to the third party administrator for payment of employee health claims and administration fees. The District's liability will not exceed \$175,000 per employee or \$7,374,733 in the aggregate, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2017, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$1,030,887. The estimates are developed based on reports prepared by the administrative agent. The District does not allocate overhead costs or other nonincremental costs to the claims liability. For the two years ended June 30, 2016 and June 30, 2017, changes in the liability reported in the General Fund for unpaid claims are summarized as follows:

	<i>Claims Payable Beginning of Year</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claims Payments</i>	<i>Claims Payable End of Year</i>
Fiscal Year 2016	\$ 883,333	\$ 8,544,950	\$ 8,461,803	\$ 966,480
Fiscal Year 2017	<u>\$ 966,480</u>	<u>\$ 8,489,303</u>	<u>\$ 8,424,896</u>	<u>\$ 1,030,887</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Teachers' Health Insurance Security

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

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

On Behalf Contributions to THIS Fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$462,748, and the District recognized revenue and expenditures of this amount during the year.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$347,061, to the THIS Fund, which was 100 percent of the required contribution for those years.

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

Retirees' Health Plan

The District administers a single-employer defined benefit healthcare plan ("the Retirees' Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the District's group health insurance plan which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retirees' Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended and only through negotiations between the board and the union. The following is a summary of the eligibility plan provisions:

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Eligibility Provisions

Certified Teachers & Administrators

Employees retiring on or before June 30, 2008 must be age 55 or older and have at least 15 years of service at District 201 at retirement.

Employees retiring after June 30, 2008 must have 20 years of continuous employment with 3 consecutive years at District 201 immediately preceding retirement.

Employees retiring after June 30, 2014 must have 20 years of continuous employment with 3 consecutive years at District 20 immediately preceding retirement.

In addition, employees must also meet the Teachers' Retirement System ("TRS") requirements for participation in the TRS retirement program:

Tier I Members (First Contributed Prior to January 1, 2011)

- Age 62 with 5 years of service; or
- Age 60 with 10 years of service; or
- Age 55 with 20 years of service (reduced pension); or
- Age 55 with 35 years of service (full pension)

Tier II Members (First Contributed On or After January 1, 2011)

- 62 years old with 10 years of service (reduced pension)
- 67 years old with 10 years of service (full pension)

Clerical Union

Employees must have 20 or more years of service with District and satisfy IMRF eligibility requirements:

Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

- At least 55 years old and at least 8 years of credited service (reduced pension)
- At least 60 years old and at least 8 years of credited service (full pension)

Regular Plan Tier 2 (First Enrolled in IMRF On or After January 1, 2011)

- At least 62 years old and at least 10 years of credited service (reduced pension)
- At least 67 years old and at least 10 years of credited service (full pension)

Custodial / Maintenance Union, Security Union, Teaching Assistants' Union

Employees must be age 55 or older and have at least 15 years of service at District 201 at retirement. Employees must also satisfy IMRF eligibility requirements.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Medical & Dental Coverage

Certified Teachers & Administrators

For employees retiring under the Collective Bargaining Agreement dated June 30, 2013, the District pays 100% of the single and spouse cost for coverage in the District plan for a maximum of 5 years after retirement.

For employees retiring under the Collective Bargaining Agreement date June 30, 2014, the District pays for employees electing to continue coverage into retirement on the District plan at the same amount as actives with the same coverage:

- 100% of single cost for coverage for up to 5 years
- For up to 5 years, 92% of the family coverage

For employees retiring under the Collective Bargaining Agreement date June 30, 2017, the Board will pay 45% of T.R.I.P. plan through Teachers' Retirement System for the retiree (single or dependent) for 5 years or until Medicare eligible, whichever comes first.

According to the Certified Teachers Collective Bargaining Agreement dated June 30, 2013, Teachers are allowed to remain on the group health insurance plan if they retire before age 65 and have an option up to age 65 to retain health insurance under the District group plan at no cost to the Board. Premiums shall be paid one year in advance.

According to the Administrator's contract with the District, Administrators remain on the group health plan until attaining Medicare eligibility by paying their portion of the monthly premiums. The monthly premiums are the same as an active Teacher. Coverage terminates upon unpaid premiums or the attainment of Medicare eligibility.

Clerical Union

The Clerical Retirement Agreement dated June 30, 2014 provides for medical and dental insurance based upon years of service with the District:

- Less than 15 years of service: 50% of the single and spouse cost for coverage up to Medicare eligibility
- Between 15 and 20 years of service: 100% of the single and spouse cost for up to 3 years; 50% thereafter up to Medicare eligibility
- 20 or more years of service: 100% of the single and spouse cost for coverage for up to 5 years; 50% thereafter up to Medicare eligibility

The Clerical Retirement Agreement dated June 30, 2017 provides for medical as follows:

Employees with 20 or more years of service to District 201 will receive the dollar equivalent of 45% of the cost of health insurance under the Teachers' Retirement Insurance Plan (TRIP) on an annual basis which will be reimbursed to the employee after proof of payment to an insurance carrier of the retiree's choosing other than the District health insurance plan. This benefit will continue for 5 years or when the employee is Medicare eligible, whichever first occurs.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Custodial / Maintenance Union

The Custodian Collective Bargaining Agreement dated June 30, 2014 provide for medical and dental based upon years of service with the District.

- Between 15 and 20 years of service: 100% of the single and spouse cost for up to 3 years; 50% thereafter up to Medicare eligibility
- Between 21 and 25 years of service: 100% of the single and spouse cost for up to 5 years; 50% thereafter up to Medicare eligibility
- Between 26 and 30 years of service: 100% of the single and spouse cost for up to 7 years; 50% thereafter up to Medicare eligibility
- 31 or more years of service: 100% of the single and spouse cost up to Medicare eligibility

The Custodial Collective Bargaining Agreement dated June 30, 2019 provides for medical as follows:

Employees with 15 or more years of service to District 201 will receive the dollar equivalent of 45% of the cost of health insurance under the Teachers' Retirement Insurance Plan (TRIP) on an annual basis which will be reimbursed to the employee after proof of payment to an insurance carrier of the retiree's choosing other than the District health insurance plan. This benefit will continue for 5 years or when the employee is Medicare eligible, whichever first occurs.

Teaching Assistants' Union

Employees Hired ON or AFTER July 1, 2013

Upon retirement from the District, if an employee has at least 15 years of service to the District, he/she shall have access to a District Health Insurance Plan. The retiree shall be responsible for 100% of the insurance premium for the plan he/she chooses. Access to a District Health Insurance Plan shall terminate upon the individual becoming eligible for Medicare. Any access to a District Health Insurance Plan shall be subject to all applicable federal and state laws.

Employees hired ON or AFTER July 1, 1998, but ON or BEFORE June 30, 2013

Upon retirement from the District, if an employee has at least 15 years of service to the District, he/she shall have access to a District Health Insurance Plan --- single coverage. The District shall pay 50% of the single insurance premium until the individual is eligible for Medicare. If the retiree chooses family insurance, he/she must demonstrate that his/her spouse is NOT eligible for insurance via his/her employer and/or eligible for Medicare AND the retiree must pay 100% of the difference between the single and family insurance plan premium in addition to the portion of the single insurance plan premium for which the retiree is responsible. Any access to a District Health Insurance Plan shall be subject to all applicable federal and state laws.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Employees hired ON or BEFORE July 1, 1998

Upon retirement from the District, if an employee has at least 15 years of service to the District, he/she shall have access to a District Health Insurance Plan --- single coverage. The District shall pay 80% of the single insurance premium until the individual is eligible for Medicare. If the retiree chooses family insurance, he/she must demonstrate that his/her spouse is NOT eligible for insurance via his/her employer and/or eligible for Medicare AND the retiree must pay 100% of the difference between the single and family insurance plan premium in addition to the portion of the single insurance plan premium for which the retiree is responsible. Any access to a District Health Insurance Plan shall be subject to all applicable federal and state laws.

The Teaching Assistants' Collective Bargaining Agreement dated July 1, 2015 does not provide for medical coverage. However, being a retiree under IMRF, the retiree may elect to stay on the employer's plan by paying full cost of the premium until Medicare eligible.

Security Union

The Security Union Collective Bargaining Agreement provides for medical and dental insurance based upon years of service with the District.

- 15 or more years of service: The District pays 75% of the cost of the single plan premium up to Medicare eligibility. If Family coverage is chosen, the retiree must demonstrate that their spouse is not eligible for another employer plan or is not eligible for Medicare. The retiree shall pay 100% of the premium difference between single and family coverage.
- Less than 15 years of service: If at age 60 or greater, employee pays the monthly premium, the employee is not employed elsewhere, must coordinate with any Medicare that they may be eligible for, and terminates at age 65.

Non-Bargaining Employees

Retirees and their eligible dependents are allowed to remain on the District's insurance plans provided they pay the entire premium for such coverage. Coverage ceases upon reaching Medicare eligibility.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Retirees' Health Plan, and changes in the District's net OPEB obligation to the Retirees' Health Plan:

Annual required contribution	\$ 617,832
Interest on net OPEB obligation	113,477
Adjustment to annual required contribution	<u>(157,750)</u>
Annual OPEB cost	573,559
Contributions made	<u>(916,490)</u>
Increase in net OPEB obligation (asset)	(342,931)
Net OPEB Obligation (Asset) - Beginning of Year	<u>2,129,950</u>
Net OPEB Obligation (Asset) - End of Year	<u>\$ 1,787,019</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Retirees' Health Plan, and the net OPEB obligation for June 30, 2017 and the two preceding years are as follows:

<i>Fiscal Year Ended</i>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2017	\$ 573,559	159.79 %	\$ 1,787,019
June 30, 2016	573,559	223.26 %	2,129,950
June 30, 2015	682,128	215.76 %	2,836,925

The funded status of the Retirees' Health Plan as of July 1, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 8,318,569
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 8,318,569</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 53,047,513
UAAL as a percentage of covered payroll	15.68%

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 10 years. Both rates include a 5 percent inflation assumption. The actuarial value of the Retirees' Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The Retirees' Health Plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 is 30 years.

NOTE 10 - RETIREMENT SYSTEMS

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

Teachers' Retirement System

Plan Description. The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active nonannuitants 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://trsil.org/pubs/cafr.htm>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for *Tier 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 percent 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 three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. On July 1, 2016 the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the District, is submitted to TRS by the District.

On Behalf Contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, 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 \$30,336,640 in pension contributions from the State of Illinois.

2.2 Formula Contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$297,660, and are deferred because they were paid after the June 30, 2016 measurement date.

Federal and Trust Fund Contributions. When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

For the year ended June 30, 2017, the District pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$692,857, were paid from federal and special trust funds that required employer contributions of \$730,600. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

TRS Fiduciary Net Position. Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS Comprehensive Annual Financial Report.

Net Pension Liability. At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 18,120,022
State's proportionate share of the collective net pension liability associated with the District	308,907,911
Total	<u>\$ 327,027,933</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2016 and 2015, the District's proportion was 0.02295532 percent and 0.02258322 percent, respectively.

Summary of Significant Accounting Policies. For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the June 30, 2016 actuarial valuation included (a) 7.0% investment rate of return net of pension plan investment expense, including inflation, (b) projected salary increases varies by amount of service credit, and (c) inflation of 2.50%.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.00 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

Mortality. Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.40 %	6.94 %
U.S. equities small/mid cap	3.60 %	8.09 %
International equities developed	14.40 %	7.46 %
Emerging market equities	3.60 %	10.15 %
U.S. bonds core	10.70 %	2.44 %
International debt developed	5.30 %	1.70 %
Real estate	15.00 %	5.44 %
Commodities (real return)	11.00 %	4.28 %
Hedge funds (absolute return)	8.00 %	4.16 %
Private equity	14.00 %	10.63 %

Discount Rate. At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well because TRS's fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate Sensitivity. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	\$ 22,161,523	\$ 18,120,022	\$ 14,819,188

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the District recognized pension expense of \$2,726,141 and on-behalf revenue and expenditures of \$30,336,640 for support provided by the state. At June 30, 2017, the District's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,981	\$ 12,289
Net difference between projected and actual earnings on pension plan investments	511,923	-
Assumption changes	1,556,240	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,808,751	-
District contributions subsequent to the measurement date	1,028,260	-
Total	<u>\$ 6,039,155</u>	<u>\$ 12,289</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending June 30, 2018. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$4,998,606) will be recognized in pension expense as follows in these reporting years:

Year Ending June 30,	Amount
2018	\$ 1,447,660
2019	1,447,660
2020	1,446,515
2021	570,537
2022	<u>86,234</u>
Total	<u>\$ 4,998,606</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

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 multiple-employer public pension fund. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained online at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under *Regular Tier 1*, the pension is increased by 3% of the original amount on January 1 every year after retirement. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under *Regular 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. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Plan Membership. At December 31, 2016, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	284
Inactive, non-retired members	349
Active members	<u>358</u>
Total	<u><u>991</u></u>

Contributions. As set by statute, District employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the District to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's actuarially determined contribution rate for calendar year 2016 was 11.88 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2016 annual actuarial valuation included (a) 7.50% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	38.00 %	8.30 %	6.85 %
International equities	17.00 %	8.45 %	6.75 %
Fixed income	27.00 %	3.05 %	3.00 %
Real estate	8.00 %	6.90 %	5.75 %
Alternatives	9.00 %		
Private equity		12.45 %	7.35 %
Hedge funds		5.35 %	5.25 %
Commodities		4.25 %	2.65 %
Cash equivalents	1.00 %	2.25 %	2.25 %

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2015 measurement date was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount Rate Sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 84,128,737	\$ 74,719,132	\$ 66,967,914
Plan fiduciary net position	<u>64,155,424</u>	<u>64,155,424</u>	<u>64,155,424</u>
Net pension liability/(asset)	<u>\$ 19,973,313</u>	<u>\$ 10,563,708</u>	<u>\$ 2,812,490</u>

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2016 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2015	\$ 71,323,957	\$ 61,412,883	\$ 9,911,074
Service cost	1,398,793	-	1,398,793
Interest on total pension liability	5,234,751	-	5,234,751
Differences between expected and actual experience of the total pension liability	1,016,026	-	1,016,026
Change of assumptions	(174,298)	-	(174,298)
Benefit payments, including refunds of employee contributions	(4,080,097)	(4,080,097)	-
Contributions - employer	-	1,581,981	(1,581,981)
Contributions - employee	-	606,604	(606,604)
Net investment income	-	4,222,491	(4,222,491)
Other (net transfer)	-	411,562	(411,562)
Balances at December 31, 2016	<u>\$ 74,719,132</u>	<u>\$ 64,155,424</u>	<u>\$ 10,563,708</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the District recognized pension expense of \$3,181,812. The District's deferred outflows and inflows of resources related to pension were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,273,880	\$ 180,860
Assumption changes	653,995	127,558
Net difference between projected and actual earnings on pension plan investments	3,175,158	-
Contributions subsequent to the measurement date	746,387	-
Total	<u>\$ 5,849,420</u>	<u>\$ 308,418</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending June 30, 2018. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$4,794,615) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2017	\$ 2,065,272
2018	1,572,431
2019	1,091,315
2020	65,597
Total	<u>\$ 4,794,615</u>

NOTE 11 - STATE AND FEDERAL AID CONTINGENCIES

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

NOTE 12 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 83, *Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 85, *Omnibus 2017*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, and GASB Statement No. 87, *Leases*. Application of these standards may restate portions of these financial statements.

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
Three Most Recent Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 1,398,793	\$ 1,376,234	\$ 1,497,870
Interest	5,234,751	4,972,352	4,656,933
Differences between expected and actual experience	1,016,026	1,116,133	(788,111)
Changes of assumptions	(174,298)	84,159	2,675,593
Benefit payments, including refunds of member contributions	<u>(4,080,097)</u>	<u>(3,846,691)</u>	<u>(3,528,043)</u>
Net change in total pension liability	3,395,175	3,702,187	4,514,242
Total pension liability - beginning	<u>71,323,957</u>	<u>67,621,770</u>	<u>63,107,528</u>
Total pension liability - ending (a)	<u><u>\$ 74,719,132</u></u>	<u><u>\$ 71,323,957</u></u>	<u><u>\$ 67,621,770</u></u>
Plan fiduciary net position			
Employer contributions	\$ 1,581,981	\$ 1,599,287	\$ 1,487,656
Employee contributions	606,604	604,868	575,577
Net investment income	4,222,491	305,140	3,603,786
Benefit payments, including refunds of member contributions	(4,080,097)	(3,846,691)	(3,528,043)
Other (net transfer)	<u>411,562</u>	<u>901,102</u>	<u>(100,662)</u>
Net change in plan fiduciary net position	2,742,541	(436,294)	2,038,314
Plan fiduciary net position - beginning	<u>61,412,883</u>	<u>61,849,177</u>	<u>59,810,863</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 64,155,424</u></u>	<u><u>\$ 61,412,883</u></u>	<u><u>\$ 61,849,177</u></u>
Employer's net pension liability - ending (a) - (b)	<u><u>\$ 10,563,708</u></u>	<u><u>\$ 9,911,074</u></u>	<u><u>\$ 5,772,593</u></u>
Plan fiduciary net position as a percentage of the total pension liability	85.86%	86.10%	91.46%
Covered-employee payroll	\$ 13,316,346	\$ 12,813,680	\$ 12,113,794
Employer's net pension liability as a percentage of covered-employee payroll	79.33%	77.35%	47.65%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Actuary valuations are as of December 31st, which is 6 months prior to the end of the fiscal year.

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Three Most Recent Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,581,982	\$ 1,533,797	\$ 1,466,980
Contributions in relation to the actuarially determined contribution	<u>(1,581,981)</u>	<u>(1,599,287)</u>	<u>(1,487,656)</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ (65,490)</u>	<u>\$ (20,676)</u>
Covered-employee payroll	\$ 13,316,346	\$ 12,813,680	\$ 12,113,794
Contributions as a percentage of covered-employee payroll	11.88%	12.48%	12.28%

Notes to Schedule:

The District implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Inflation	
Salary increases	3.75% to 14.40%, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS
Three Most Recent Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0229553199%	0.0225832234%	0.0164412830%
District's proportionate share of the net pension liability	\$ 18,120,022	\$ 14,794,286	\$ 10,005,881
State's proportionate share of the net pension liability	<u>308,907,911</u>	<u>228,260,631</u>	<u>275,578,370</u>
Total net pension liability	<u>\$ 327,027,933</u>	<u>\$ 243,054,917</u>	<u>\$ 285,584,251</u>
Covered-employee payroll	\$ 41,316,776	\$ 39,425,189	\$ 37,300,609
District's proportionate share of the net pension liability as a percentage of covered payroll	43.86%	37.52%	26.82%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%
Contractually required contribution	\$ 932,495	\$ 820,487	\$ 781,251
Contributions in relation to the contractually required contribution	<u>(1,028,260)</u>	<u>(933,110)</u>	<u>(865,234)</u>
Contribution deficiency (excess)	<u>\$ (95,765)</u>	<u>\$ (112,623)</u>	<u>\$ (83,983)</u>
Contributions as a percentage of covered employee payroll	2.4887%	2.3668%	2.3196%

Notes to Schedule:

The District implemented GASB 68 in 2015. Information for fiscal years prior to 2015 is not applicable.

Actuary valuations are as of June 30 of the fiscal year prior to the fiscal year in which the net pension liability is reported.

Key Assumptions:

Long-term expected rate of return	7.00%	7.50%	7.50%
Municipal bond index	2.85%	3.73%	N/A
Single equivalent discount rate	6.83%	7.47%	7.50%
Inflation rate	2.50%	3.00%	3.00%
Projected salary increases	3.25% to 9.25%	3.75% to 9.75%	5.75%
	varying by service	varying by service	

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
SCHEDULE OF FUNDING PROGRESS FOR RETIREES' HEALTH PLAN
AS OF JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/15	\$ -	\$ 8,318,569	\$ 8,318,569	N/A	\$ 53,047,513	15.68%
7/1/13	-	10,633,869	10,633,869	N/A	45,316,081	23.47%
7/1/12	-	22,012,032	22,012,032	N/A	42,222,786	52.13%

Valuations must be performed every two years for OPEB plans with more than 200 members and at least every three years for plans with fewer than 200 members.

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 25,875,529	\$ 26,082,971	\$ 207,442	\$ 24,622,992
Special education levy	421,874	411,494	(10,380)	415,746
Corporate personal property replacement taxes	4,350,855	6,752,297	2,401,442	4,610,151
Summer school - tuition from pupils or parents (in state)	100,000	94,398	(5,602)	130,028
Adult - tuition from pupils or parents (in state)	200,000	269,479	69,479	204,658
Investment income	112,199	518,314	406,115	142,970
Sales to pupils - lunch	134,108	178,190	44,082	174,527
Sales to pupils - breakfast	3,698	5,477	1,779	5,331
Sales to pupils - a la carte	314,441	286,099	(28,342)	296,094
Sales to adults	107,350	139,652	32,302	132,238
Other food service	42,477	9,670	(32,807)	23,634
Admissions - athletic	26,500	18,501	(7,999)	21,776
Admissions - other	10,000	9,724	(276)	8,981
Fees	-	6,844	6,844	141,423
Book store sales	726,175	653,850	(72,325)	593,090
Other pupil activity revenue	125,850	469,744	343,894	149,026
Rentals - other	31,789	-	(31,789)	-
Sales - regular textbook	-	18,123	18,123	27,748
Services provided other LEA's	30,000	-	(30,000)	-
Refund of prior years' expenditures	10,000	-	(10,000)	59,278
Payments of surplus monies from TIF districts	1,407	636	(771)	1,179
Driver's education fees	18,950	3,600	(15,350)	13,200
Payment from other LEA's	85,000	-	(85,000)	-
Sale of vocational projects	12,000	-	(12,000)	-
Other	1,095,803	273,223	(822,580)	46,557
Total local sources	<u>33,836,005</u>	<u>36,202,286</u>	<u>2,366,281</u>	<u>31,820,627</u>
State sources				
General state aid	29,844,697	30,110,708	266,011	25,951,518
General state aid hold harmless/supplemental	-	-	-	1,663,719
Special education - private facility tuition	1,534,202	1,307,108	(227,094)	1,046,015
Special education - extraordinary	1,200,000	1,202,517	2,517	898,550
Special education - personnel	991,819	954,695	(37,124)	725,729
Special education - summer school	80,000	-	(80,000)	74,819
CTE - Secondary program improvement	232,534	124,125	(108,409)	213,299
Bilingual education - downstate - TPI	345,849	55,885	(289,964)	100,414
State free lunch & breakfast	24,000	13,947	(10,053)	20,625
Driver education	24,000	27,449	3,449	75,324
Truant alternative/optional education	-	125,000	125,000	125,000
Early childhood - block grant	96,579	88,531	(8,048)	88,528
Other restricted revenue from state sources	125,000	41,492	(83,508)	4,929
Total state sources	<u>34,498,680</u>	<u>34,051,457</u>	<u>(447,223)</u>	<u>30,988,469</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 2,729,542	\$ 2,745,114	\$ 15,572	\$ 2,765,411
School breakfast program	318,268	290,123	(28,145)	295,010
Child care commodity/SFS 13-adult day care	198,424	185,213	(13,211)	190,499
Fresh fruits & vegetables	-	89,174	89,174	84,807
Food service - other	-	304,069	304,069	252,492
Title I - Low income	2,732,280	3,144,946	412,666	3,686,947
Federal - special education - IDEA - flow-through/low incident	2,815,434	1,358,666	(1,456,768)	1,067,836
Federal - special education - IDEA - room & board	-	28,252	28,252	-
CTE - Perkins - Title III E - tech. prep.	442,938	435,844	(7,094)	339,918
Title I - school improvement (part g)	1,900,000	-	(1,900,000)	-
Emergency immigrant assistance	10,191	5,052	(5,139)	8,232
Title III - English language acquisition	115,989	104,659	(11,330)	121,536
Title II - Teacher quality	191,635	148,927	(42,708)	180,561
Medicaid matching funds - administrative outreach	300,000	178,242	(121,758)	237,637
Medicaid matching funds - fee-for-service program	270,000	166,427	(103,573)	271,375
Other restricted revenue from federal sources	313,495	2,338,453	2,024,958	2,211,008
Total federal sources	12,338,196	11,523,161	(815,035)	11,713,269
Total revenues	80,672,881	81,776,904	1,104,023	74,522,365
Expenditures				
Instruction				
Regular programs				
Salaries	25,479,738	23,689,264	1,790,474	23,075,655
Employee benefits	8,550,462	5,383,470	3,166,992	6,118,104
Purchased services	147,049	34,992	112,057	80,445
Supplies and materials	1,348,367	527,929	820,438	841,007
Capital outlay	679,070	538,078	140,992	84,691
Other objects	24,435	13,957	10,478	11,275
Non-capitalized equipment	6,370	-	6,370	-
Total	36,235,491	30,187,690	6,047,801	30,211,177
Special education programs				
Salaries	5,946,962	6,060,631	(113,669)	5,643,428
Employee benefits	1,179,571	1,575,016	(395,445)	1,393,804
Purchased services	33,000	219,993	(186,993)	46,737
Supplies and materials	40,400	79,764	(39,364)	48,057
Capital outlay	-	19,714	(19,714)	49,738
Other objects	2,000	-	2,000	2,513
Total	7,201,933	7,955,118	(753,185)	7,184,277

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Remedial and supplemental programs K - 12				
Salaries	\$ 1,549,506	\$ 634,690	\$ 914,816	\$ 593,686
Employee benefits	361,743	378,850	(17,107)	363,213
Purchased services	269,273	271,020	(1,747)	286,305
Supplies and materials	<u>1,033,147</u>	<u>1,219,595</u>	<u>(186,448)</u>	<u>2,039,669</u>
Total	<u>3,213,669</u>	<u>2,504,155</u>	<u>709,514</u>	<u>3,282,873</u>
Adult/continuing education programs				
Salaries	170,904	201,125	(30,221)	179,890
Employee benefits	7,592	2,592	5,000	7,087
Supplies and materials	<u>3,506</u>	<u>1,443</u>	<u>2,063</u>	<u>2,458</u>
Total	<u>182,002</u>	<u>205,160</u>	<u>(23,158)</u>	<u>189,435</u>
CTE programs				
Salaries	1,731,069	1,819,801	(88,732)	1,637,197
Employee benefits	353,539	399,246	(45,707)	325,924
Purchased services	55,945	41,982	13,963	25,029
Supplies and materials	303,580	216,202	87,378	258,766
Capital outlay	399,282	193,108	206,174	211,243
Other objects	3,800	3,840	(40)	9,836
Non-capitalized equipment	<u>5,000</u>	<u>1,209</u>	<u>3,791</u>	<u>80</u>
Total	<u>2,852,215</u>	<u>2,675,388</u>	<u>176,827</u>	<u>2,468,075</u>
Interscholastic programs				
Salaries	856,009	723,073	132,936	747,728
Employee benefits	24,675	32,032	(7,357)	33,315
Purchased services	260,835	229,871	30,964	247,425
Supplies and materials	175,294	184,467	(9,173)	128,238
Capital outlay	-	4,643	(4,643)	23,100
Other objects	<u>700</u>	<u>-</u>	<u>700</u>	<u>116</u>
Total	<u>1,317,513</u>	<u>1,174,086</u>	<u>143,427</u>	<u>1,179,922</u>
Summer school programs				
Salaries	192,537	271,044	(78,507)	387,229
Employee benefits	1,415	32,427	(31,012)	35,619
Supplies and materials	<u>-</u>	<u>938</u>	<u>(938)</u>	<u>3,225</u>
Total	<u>193,952</u>	<u>304,409</u>	<u>(110,457)</u>	<u>426,073</u>
Driver's education programs				
Salaries	27,000	17,575	9,425	16,833
Employee benefits	682	250	432	234
Purchased services	22,400	6,300	16,100	5,030
Supplies and materials	11,295	3,324	7,971	1,514
Non-capitalized equipment	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>
Total	<u>61,677</u>	<u>27,449</u>	<u>34,228</u>	<u>23,611</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Bilingual programs				
Salaries	\$ 706,933	\$ 753,217	\$ (46,284)	\$ 606,755
Employee benefits	156,066	167,736	(11,670)	121,702
Purchased services	-	-	-	673
Supplies and materials	27,450	3,362	24,088	14,646
Total	890,449	924,315	(33,866)	743,776
Truant's alternative and optional programs				
Salaries	50,653	28,292	22,361	23,801
Employee benefits	475	362	113	318
Purchased services	1,700	384	1,316	1,456
Supplies and materials	14,558	9,728	4,830	11,028
Capital outlay	300	3,570	(3,270)	5,211
Non-capitalized equipment	3,342	1,025	2,317	797
Total	71,028	43,361	27,667	42,611
Special education programs K -12 - private tuition				
Other objects	3,200,000	2,488,560	711,440	2,355,805
Total	3,200,000	2,488,560	711,440	2,355,805
Total instruction	55,419,929	48,489,691	6,930,238	48,107,635
Support services				
Pupils				
Attendance and social work services				
Salaries	2,206,301	1,999,611	206,690	2,023,374
Employee benefits	654,928	512,366	142,562	516,381
Purchased services	33,775	10,117	23,658	3,793
Supplies and materials	63,777	51,140	12,637	63,066
Capital outlay	15,500	5,615	9,885	4,585
Total	2,974,281	2,578,849	395,432	2,611,199
Guidance services				
Salaries	2,131,596	2,216,153	(84,557)	2,201,585
Employee benefits	743,558	533,255	210,303	482,181
Purchased services	578,800	29,857	548,943	16,500
Supplies and materials	19,397	18,454	943	17,352
Capital outlay	105,519	-	105,519	-
Other objects	5,176	3,258	1,918	1,012
Total	3,584,046	2,800,977	783,069	2,718,630

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Health services				
Salaries	\$ 410,004	\$ 414,563	\$ (4,559)	\$ 378,775
Employee benefits	130,276	114,182	16,094	109,204
Purchased services	303,745	362,197	(58,452)	352,355
Supplies and materials	7,504	7,828	(324)	5,867
Capital outlay	605	17,233	(16,628)	12,426
Other objects	2,500	750	1,750	283
Non-capitalized equipment	-	-	-	955
Total	<u>854,634</u>	<u>916,753</u>	<u>(62,119)</u>	<u>859,865</u>
Psychological services				
Salaries	319,720	321,431	(1,711)	304,385
Employee benefits	72,214	85,072	(12,858)	59,118
Supplies and materials	-	2,933	(2,933)	1,195
Total	<u>391,934</u>	<u>409,436</u>	<u>(17,502)</u>	<u>364,698</u>
Speech pathology and audiology services				
Salaries	265,825	210,291	55,534	200,380
Employee benefits	64,747	54,447	10,300	49,344
Total	<u>330,572</u>	<u>264,738</u>	<u>65,834</u>	<u>249,724</u>
Other support services - pupils				
Salaries	287,187	274,254	12,933	275,580
Employee benefits	13,647	13,691	(44)	14,402
Purchased services	800	17	783	600
Supplies and materials	3,800	1,186	2,614	1,259
Other objects	1,300	1,175	125	990
Total	<u>306,734</u>	<u>290,323</u>	<u>16,411</u>	<u>292,831</u>
Total pupils	<u>8,442,201</u>	<u>7,261,076</u>	<u>1,181,125</u>	<u>7,096,947</u>
Instructional staff				
Improvement of instructional services				
Salaries	2,017,165	2,197,547	(180,382)	2,184,322
Employee benefits	163,878	847,951	(684,073)	846,090
Purchased services	242,862	628,883	(386,021)	310,580
Supplies and materials	16,500	16,036	464	20,884
Capital outlay	3,000	-	3,000	111,212
Other objects	2,000	1,667	333	165
Total	<u>2,445,405</u>	<u>3,692,084</u>	<u>(1,246,679)</u>	<u>3,473,253</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ -	\$ 527,608	\$ (527,608)	\$ 557,461
Employee benefits	-	207,684	(207,684)	212,106
Purchased services	1,368	100,920	(99,552)	30,447
Supplies and materials	12,000	194,451	(182,451)	203,265
Capital outlay	-	1,564	(1,564)	9,648
Non-capitalized equipment	8,386	5,693	2,693	91,989
Total	21,754	1,037,920	(1,016,166)	1,104,916
Assessment and testing				
Salaries	37,535	94,843	(57,308)	41,483
Employee benefits	403	1,354	(951)	574
Purchased services	-	18,839	(18,839)	21,877
Supplies and materials	-	2,712	(2,712)	37
Total	37,938	117,748	(79,810)	63,971
Total instructional staff	2,505,097	4,847,752	(2,342,655)	4,642,140
General administration				
Board of education services				
Salaries	310,330	274,440	35,890	222,430
Employee benefits	54,784	67,021	(12,237)	45,340
Purchased services	432,855	284,337	148,518	390,484
Supplies and materials	15,425	5,815	9,610	8,766
Other objects	52,500	56,163	(3,663)	41,157
Non-capitalized equipment	1,000	-	1,000	760
Total	866,894	687,776	179,118	708,937
Executive administration services				
Salaries	445,286	550,464	(105,178)	358,459
Employee benefits	47,038	131,091	(84,053)	75,824
Purchased services	74,890	55,236	19,654	74,435
Supplies and materials	12,000	5,080	6,920	14,449
Capital outlay	-	-	-	2,214
Other objects	12,850	64,618	(51,768)	12,297
Total	592,064	806,489	(214,425)	537,678
Special area administration services				
Salaries	710,082	592,835	117,247	639,169
Employee benefits	109,193	152,260	(43,067)	169,624
Purchased services	11,650	7,246	4,404	8,342
Supplies and materials	155	151	4	243
Capital outlay	-	-	-	1,547
Total	831,080	752,492	78,588	818,925
Total general administration	2,290,038	2,246,757	43,281	2,065,540

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 1,677,809	\$ 1,769,419	\$ (91,610)	\$ 1,753,517
Employee benefits	375,855	418,129	(42,274)	364,270
Purchased services	73,750	60,546	13,204	56,331
Supplies and materials	22,925	35,202	(12,277)	27,102
Capital outlay	4,000	35,758	(31,758)	791
Other objects	13,648	11,711	1,937	9,260
Non-capitalized equipment	1,000	-	1,000	-
Total	<u>2,168,987</u>	<u>2,330,765</u>	<u>(161,778)</u>	<u>2,211,271</u>
Total school administration	<u>2,168,987</u>	<u>2,330,765</u>	<u>(161,778)</u>	<u>2,211,271</u>
Business				
Direction of business support services				
Salaries	115,000	117,728	(2,728)	120,075
Employee benefits	19,998	36,123	(16,125)	17,391
Total	<u>134,998</u>	<u>153,851</u>	<u>(18,853)</u>	<u>137,466</u>
Fiscal services				
Salaries	416,425	508,118	(91,693)	529,023
Employee benefits	150,195	99,816	50,379	100,059
Purchased services	1,707,610	273,176	1,434,434	282,817
Supplies and materials	23,000	11,492	11,508	21,475
Capital outlay	5,500	-	5,500	2,845
Other objects	6,000	1,703	4,297	3,485
Non-capitalized equipment	-	2,594	(2,594)	-
Total	<u>2,308,730</u>	<u>896,899</u>	<u>1,411,831</u>	<u>939,704</u>
Pupil transportation services				
Purchased services	-	1,861	(1,861)	2,719
Capital outlay	-	52,786	(52,786)	44,018
Total	<u>-</u>	<u>54,647</u>	<u>(54,647)</u>	<u>46,737</u>
Food services				
Salaries	1,576,559	1,128,471	448,088	1,195,782
Employee benefits	393,535	286,325	107,210	286,592
Purchased services	29,764	586,496	(556,732)	501,382
Supplies and materials	95,979	1,343,639	(1,247,660)	1,324,968
Capital outlay	-	70,374	(70,374)	86,159
Other objects	-	-	-	180
Non-capitalized equipment	13,000	1,503	11,497	29,698
Total	<u>2,108,837</u>	<u>3,416,808</u>	<u>(1,307,971)</u>	<u>3,424,761</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Internal services				
Salaries	\$ 332,462	\$ 230,573	\$ 101,889	\$ 245,251
Employee benefits	67,768	47,909	19,859	37,882
Purchased services	-	(146,116)	146,116	(196,151)
Supplies and materials	-	112,684	(112,684)	246,273
Total	<u>400,230</u>	<u>245,050</u>	<u>155,180</u>	<u>333,255</u>
Total business	<u>4,952,795</u>	<u>4,767,255</u>	<u>185,540</u>	<u>4,881,923</u>
Central				
Direction of central support services				
Salaries	90,000	78,000	12,000	89,500
Employee benefits	10,935	620	10,315	-
Purchased services	<u>355,643</u>	<u>297,178</u>	<u>58,465</u>	<u>396,841</u>
Total	<u>456,578</u>	<u>375,798</u>	<u>80,780</u>	<u>486,341</u>
Information services				
Salaries	-	54,645	(54,645)	26,034
Employee benefits	19,375	19,821	(446)	7,095
Purchased services	<u>-</u>	<u>172,845</u>	<u>(172,845)</u>	<u>209,042</u>
Total	<u>19,375</u>	<u>247,311</u>	<u>(227,936)</u>	<u>242,171</u>
Staff services				
Salaries	40,802	33,039	7,763	27,925
Employee benefits	16,897	7,721	9,176	10,510
Purchased services	-	1,288	(1,288)	-
Supplies and materials	<u>-</u>	<u>230</u>	<u>(230)</u>	<u>-</u>
Total	<u>57,699</u>	<u>42,278</u>	<u>15,421</u>	<u>38,435</u>
Data processing services				
Salaries	605,304	468,739	136,565	504,675
Employee benefits	134,896	138,687	(3,791)	128,784
Purchased services	1,298,710	1,508,609	(209,899)	1,109,331
Supplies and materials	50,000	41,498	8,502	37,678
Capital outlay	1,130,000	1,231,782	(101,782)	270,006
Non-capitalized equipment	<u>10,000</u>	<u>250</u>	<u>9,750</u>	<u>-</u>
Total	<u>3,228,910</u>	<u>3,389,565</u>	<u>(160,655)</u>	<u>2,050,474</u>
Total central	<u>3,762,562</u>	<u>4,054,952</u>	<u>(292,390)</u>	<u>2,817,421</u>
Other supporting services				
Salaries	-	302	(302)	-
Purchased services	-	795,960	(795,960)	788,647
Supplies and materials	-	6,766	(6,766)	9,109
Other objects	<u>-</u>	<u>4,120</u>	<u>(4,120)</u>	<u>956</u>
Total	<u>-</u>	<u>807,148</u>	<u>(807,148)</u>	<u>798,712</u>
Total support services	<u>24,121,680</u>	<u>26,315,705</u>	<u>(2,194,025)</u>	<u>24,513,954</u>

See Auditors' Report and Notes to Required Supplementary Information

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Community services				
Salaries	\$ -	\$ 125,314	\$ (125,314)	\$ 161,604
Employee benefits	-	33,055	(33,055)	38,923
Purchased services	-	82,395	(82,395)	96,136
Supplies and materials	-	7,495	(7,495)	9,693
Total community services	-	248,259	(248,259)	306,356
Payments to other districts and governmental units				
Payments for regular programs				
Purchased services	-	2,800	(2,800)	-
Total	-	2,800	(2,800)	-
Payments for CTE programs				
Other objects	21,206	6,694	14,512	35,981
Total	21,206	6,694	14,512	35,981
Payments for special education programs - tuition				
Other objects	1,050,000	835,695	214,305	902,147
Total	1,050,000	835,695	214,305	902,147
Total payments to other districts and governmental units	1,071,206	845,189	226,017	938,128
Total expenditures	80,612,815	75,898,844	4,713,971	73,866,073
Excess (deficiency) of revenues over expenditures	60,066	5,878,060	5,817,994	656,292
Other financing sources (uses)				
Principal on bonds sold	-	39,655,137	39,655,137	-
Permanent transfer from working cash fund - abatement	-	(39,655,137)	(39,655,137)	-
Transfer to debt service fund to pay principal on capital leases	-	(113,171)	(113,171)	(108,987)
Transfer to debt service fund to pay interest on capital leases	-	(2,311)	(2,311)	(6,469)
Total other financing sources (uses)	-	(115,482)	(115,482)	(115,456)
Net change in fund balance	\$ 60,066	5,762,578	\$ 5,702,512	540,836
Fund balance, beginning of year		48,411,792		47,870,956
Fund balance, end of year		\$ 54,174,370		\$ 48,411,792

See Auditors' Report and Notes to Required Supplementary Information

(Concluded)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**OPERATIONS AND MAINTENANCE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 6,387,432	\$ 5,829,026	\$ (558,406)	\$ 6,810,440
Investment income	2,791	11,937	9,146	4,380
Rentals	181,952	47,718	(134,234)	91,152
Other	68,213	77,460	9,247	81,562
Total local sources	<u>6,640,388</u>	<u>5,966,141</u>	<u>(674,247)</u>	<u>6,987,534</u>
State sources				
General state aid	<u>13,400,000</u>	<u>13,400,000</u>	<u>-</u>	<u>13,044,240</u>
Total state sources	<u>13,400,000</u>	<u>13,400,000</u>	<u>-</u>	<u>13,044,240</u>
Total revenues	<u>20,040,388</u>	<u>19,366,141</u>	<u>(674,247)</u>	<u>20,031,774</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	1,052,000	21,735	1,030,265	250
Supplies and materials	20,000	-	20,000	1,200
Capital outlay	<u>2,264,405</u>	<u>3,878,259</u>	<u>(1,613,854)</u>	<u>4,297,534</u>
Total	<u>3,336,405</u>	<u>3,899,994</u>	<u>(563,589)</u>	<u>4,298,984</u>
Operation and maintenance of plant services				
Salaries	8,530,638	6,182,943	2,347,695	5,832,020
Employee benefits	1,536,433	1,320,336	216,097	1,372,498
Purchased services	3,227,958	1,465,620	1,762,338	1,767,423
Supplies and materials	2,929,944	2,147,509	782,435	1,985,374
Capital outlay	426,424	2,520,162	(2,093,738)	4,201,259
Non-capitalized equipment	<u>19,062</u>	<u>7,644</u>	<u>11,418</u>	<u>5,483</u>
Total	<u>16,670,459</u>	<u>13,644,214</u>	<u>3,026,245</u>	<u>15,164,057</u>
Total business	<u>20,006,864</u>	<u>17,544,208</u>	<u>2,462,656</u>	<u>19,463,041</u>
Other supporting services				
Purchased services	<u>-</u>	<u>459,190</u>	<u>(459,190)</u>	<u>518,097</u>
Total	<u>-</u>	<u>459,190</u>	<u>(459,190)</u>	<u>518,097</u>
Total support services	<u>20,006,864</u>	<u>18,003,398</u>	<u>2,003,466</u>	<u>19,981,138</u>
Total expenditures	<u>20,006,864</u>	<u>18,003,398</u>	<u>2,003,466</u>	<u>19,981,138</u>

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**OPERATIONS AND MAINTENANCE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		VARIANCE WITH FINAL BUDGET	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Excess (deficiency) of revenues over expenditures	<u>\$ 33,524</u>	<u>1,362,743</u>	<u>\$ 1,329,219</u>	<u>50,636</u>
Other financing sources (uses)				
Transfer to debt service fund to pay principal on EPA loan	-	(44,987)	(44,987)	(42,672)
Transfer to debt service fund to pay interest on EPA loan	<u>-</u>	<u>(5,013)</u>	<u>(5,013)</u>	<u>(7,328)</u>
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 33,524</u>	<u>1,312,743</u>	<u>\$ 1,279,219</u>	<u>636</u>
Fund balance, beginning of year		<u>969,951</u>		<u>969,315</u>
Fund balance, end of year		<u>\$ 2,282,694</u>		<u>\$ 969,951</u>

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 1,082,668	\$ 1,054,256	\$ (28,412)	\$ 1,063,667
Investment income	-	4,411	4,411	1,978
Total local sources	<u>1,082,668</u>	<u>1,058,667</u>	<u>(24,001)</u>	<u>1,065,645</u>
State sources				
Transportation - regular/vocational	1,097	1,170	73	1,009
Transportation - special education	<u>2,325,517</u>	<u>2,226,473</u>	<u>(99,044)</u>	<u>1,872,600</u>
Total state sources	<u>2,326,614</u>	<u>2,227,643</u>	<u>(98,971)</u>	<u>1,873,609</u>
Total revenues	<u>3,409,282</u>	<u>3,286,310</u>	<u>(122,972)</u>	<u>2,939,254</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	63,945	69,540	(5,595)	65,633
Employee benefits	58,531	24,065	34,466	40,450
Purchased services	3,115,327	3,157,565	(42,238)	2,786,325
Supplies and materials	12,826	7,442	5,384	3,237
Capital outlay	-	-	-	60,293
Other objects	<u>200</u>	<u>500</u>	<u>(300)</u>	<u>830</u>
Total	<u>3,250,829</u>	<u>3,259,112</u>	<u>(8,283)</u>	<u>2,956,768</u>
Total business	<u>3,250,829</u>	<u>3,259,112</u>	<u>(8,283)</u>	<u>2,956,768</u>
Total support services	<u>3,250,829</u>	<u>3,259,112</u>	<u>(8,283)</u>	<u>2,956,768</u>
Total expenditures	<u>3,250,829</u>	<u>3,259,112</u>	<u>(8,283)</u>	<u>2,956,768</u>
Net change in fund balance	<u>\$ 158,453</u>	27,198	<u>\$ (131,255)</u>	(17,514)
Fund balance, beginning of year		<u>574,494</u>		<u>592,008</u>
Fund balance, end of year		<u>\$ 601,692</u>		<u>\$ 574,494</u>

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 2,751,806	\$ 1,349,735	\$ (1,402,071)	\$ 1,352,049
Social security/medicare only levy	-	1,345,123	1,345,123	1,348,002
Corporate personal property replacement taxes	600,000	600,000	-	600,000
Investment income	2,705	10,325	7,620	2,946
Total local sources	3,354,511	3,305,183	(49,328)	3,302,997
Total revenues	3,354,511	3,305,183	(49,328)	3,302,997
Expenditures				
Instruction				
Regular programs	606,357	340,439	265,918	333,810
Special education programs	264,818	316,551	(51,733)	316,218
Remedial and supplemental programs K - 12	-	15,246	(15,246)	14,332
Adult/continuing education programs	5,239	4,849	390	4,339
CTE programs	52,452	63,510	(11,058)	58,797
Interscholastic programs	39,046	29,054	9,992	38,114
Summer school programs	11,891	13,455	(1,564)	18,321
Driver's education programs	802	254	548	243
Bilingual programs	10,546	10,834	(288)	8,763
Truant's alternative and optional programs	1,770	468	1,302	364
Total instruction	992,921	794,660	198,261	793,301
Support services				
Pupils				
Attendance and social work services	196,172	163,226	32,946	164,860
Guidance services	56,804	50,338	6,466	49,599
Health services	80,486	78,660	1,826	72,703
Psychological services	4,725	4,594	131	4,434
Speech pathology and audiology services	3,965	2,988	977	2,854
Other support services - pupils	13,169	11,741	1,428	11,054
Total pupils	355,321	311,547	43,774	305,504
Instructional staff				
Improvement of instructional staff	21,555	74,501	(52,946)	66,205
Educational media services	58,584	60,615	(2,031)	68,240
Assessment and testing	194	1,373	(1,179)	585
Total instructional staff	80,333	136,489	(56,156)	135,030

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
General administration				
Board of education services	\$ 34,742	\$ 51,659	\$ (16,917)	\$ 43,163
Executive administration services	16,298	28,832	(12,534)	25,611
Special area administration services	<u>33,406</u>	<u>46,969</u>	<u>(13,563)</u>	<u>47,845</u>
Total general administration	<u>84,446</u>	<u>127,460</u>	<u>(43,014)</u>	<u>116,619</u>
School administration				
Office of the principal services	<u>126,463</u>	<u>125,594</u>	<u>869</u>	<u>125,638</u>
Total school administration	<u>126,463</u>	<u>125,594</u>	<u>869</u>	<u>125,638</u>
Business				
Direction of business support services	2,102	2,584	(482)	28,587
Fiscal services	129,701	98,040	31,661	102,058
Operations and maintenance of plant services	1,132,781	1,168,639	(35,858)	1,118,723
Pupil transportation services	18,637	12,615	6,022	12,676
Food services	218,104	207,706	10,398	219,181
Internal services	<u>45,566</u>	<u>43,953</u>	<u>1,613</u>	<u>45,691</u>
Total business	<u>1,546,891</u>	<u>1,533,537</u>	<u>13,354</u>	<u>1,526,916</u>
Central				
Direction of central support services	-	17,233	(17,233)	7,449
Information services	7,524	10,359	(2,835)	5,095
Staff services	-	427	(427)	405
Data processing services	<u>93,885</u>	<u>90,859</u>	<u>3,026</u>	<u>97,870</u>
Total central	<u>101,409</u>	<u>118,878</u>	<u>(17,469)</u>	<u>110,819</u>
Other supporting services	<u>-</u>	<u>24</u>	<u>(24)</u>	<u>-</u>
Total support services	<u>2,294,863</u>	<u>2,353,529</u>	<u>(58,666)</u>	<u>2,320,526</u>
Community services	<u>-</u>	<u>24,166</u>	<u>(24,166)</u>	<u>31,523</u>
Total expenditures	<u>3,287,784</u>	<u>3,172,355</u>	<u>115,429</u>	<u>3,145,350</u>
Net change in fund balance	<u>\$ 66,727</u>	132,828	<u>\$ 66,101</u>	157,647
Fund balance, beginning of year		<u>938,849</u>		<u>781,202</u>
Fund balance, end of year		<u>\$ 1,071,677</u>		<u>\$ 938,849</u>

See Auditors' Report and Notes to Required Supplementary Information

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

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

1. The Administration submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to September 30, the budget is legally adopted through passage of a resolution. By the last Tuesday in December, a tax levy resolution is filed with the county clerk to obtain tax revenues.
4. Management is authorized to transfer budget amounts, provided funds are transferred between the same function and object codes. The Board of Education is authorized to transfer up to a legal level of 10% of the total budget between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education, after following the public hearing process mandated by law.
5. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
6. All budget appropriations lapse at the end of the fiscal year.

The budget amounts shown in the financial statements are as originally adopted because there were no amendments during the past fiscal year.

Budget Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (GAAP basis) includes "on-behalf" payments received and made for the amounts contributed by the State of Illinois for the employer's share of the Teachers Retirement System pension. The District does not budget for these amounts in the Educational Accounts of the General Fund. The differences between the budget and GAAP basis are as follows:

	<i>Revenues</i>	<i>Expenditures</i>
General Fund Budgetary Basis	\$ 81,776,904	\$ 75,898,844
To adjust for on-behalf payments received	30,799,388	-
To adjust for on-behalf payments made	-	30,799,388
General Fund GAAP Basis	<u>\$ 112,576,292</u>	<u>\$ 106,698,232</u>

Excess of Expenditures over Budget

For the year ended June 30, 2017, expenditures exceeded budget in the Transportation Fund by \$8,283, which was offset by available fund balance.

See Auditors' Report

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J. STERLING MORTON HIGH SCHOOL DISTRICT 201

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 9,372,818	\$ 9,404,948	\$ 32,130	\$ 9,281,278
Investment income	<u>422</u>	<u>5,228</u>	<u>4,806</u>	<u>2,527</u>
Total local sources	<u>9,373,240</u>	<u>9,410,176</u>	<u>36,936</u>	<u>9,283,805</u>
Total revenues	<u>9,373,240</u>	<u>9,410,176</u>	<u>36,936</u>	<u>9,283,805</u>
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	5,305,630	7,324	5,298,306	13,797
Principal payments on long term debt	<u>4,054,826</u>	<u>9,353,158</u>	<u>(5,298,332)</u>	<u>9,346,659</u>
Total	<u>9,360,456</u>	<u>9,360,482</u>	<u>(26)</u>	<u>9,360,456</u>
Other debt service				
Purchased services	<u>-</u>	<u>363,715</u>	<u>(363,715)</u>	<u>-</u>
Total	<u>-</u>	<u>363,715</u>	<u>(363,715)</u>	<u>-</u>
Total debt services	<u>9,360,456</u>	<u>9,724,197</u>	<u>(363,741)</u>	<u>9,360,456</u>
Total expenditures	<u>9,360,456</u>	<u>9,724,197</u>	<u>(363,741)</u>	<u>9,360,456</u>
Excess (deficiency) of revenues over expenditures	<u>12,784</u>	<u>(314,021)</u>	<u>(326,805)</u>	<u>(76,651)</u>
Other financing sources (uses)				
Principal on bonds sold	-	344,863	344,863	-
Transfer to debt service to pay principal on capital leases	-	113,171	113,171	108,987
Transfer to debt service to pay interest on capital leases	-	2,311	2,311	6,469
Transfer to debt service to pay principal on EPA loan	-	44,987	44,987	42,672
Transfer to debt service to pay interest on EPA loan	<u>-</u>	<u>5,013</u>	<u>5,013</u>	<u>7,328</u>
Total other financing sources (uses)	<u>-</u>	<u>510,345</u>	<u>510,345</u>	<u>165,456</u>
Net change in fund balance	<u>\$ 12,784</u>	<u>196,324</u>	<u>\$ 183,540</u>	<u>88,805</u>
Fund balance, beginning of year		<u>6,287,103</u>		<u>6,198,298</u>
Fund balance, end of year		<u>\$ 6,483,427</u>		<u>\$ 6,287,103</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**CAPITAL PROJECTS FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		VARIANCE WITH FINAL BUDGET	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Capital outlay	-	810,641	(810,641)	-
Total	-	810,641	(810,641)	-
Total business	-	810,641	(810,641)	-
Total support services	-	810,641	(810,641)	-
Total expenditures	-	810,641	(810,641)	-
Excess (deficiency) of revenues over expenditures	-	(810,641)	(810,641)	-
Other financing sources (uses)				
Permanent transfer from working cash fund - abolishment or abatement	-	39,655,137	39,655,137	-
Total other financing sources (uses)	-	39,655,137	39,655,137	-
Net change in fund balance	\$ -	38,844,496	\$ 38,844,496	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ 38,844,496		\$ -

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**FIRE PREVENTION AND LIFE SAFETY FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****FOR THE YEAR ENDED JUNE 30, 2017****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ -	\$ (3,359)	\$ (3,359)	\$ (2,782)
Total local sources	-	(3,359)	(3,359)	(2,782)
Total revenues	-	(3,359)	(3,359)	(2,782)
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Capital outlay	-	595,865	(595,865)	-
Total	-	595,865	(595,865)	-
Total business	-	595,865	(595,865)	-
Total support services	-	595,865	(595,865)	-
Total expenditures	-	595,865	(595,865)	-
Other financing sources (uses)				
Principal on bonds sold	-	10,000,000	10,000,000	-
Total other financing sources (uses)	-	10,000,000	10,000,000	-
Net change in fund balance	\$ -	9,400,776	\$ 9,400,776	(2,782)
Fund balance, beginning of year		2,655,522		2,658,304
Fund balance, end of year		\$ 12,056,298		\$ 2,655,522

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
GENERAL FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2017

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets			
Cash	\$ 42,295,310	\$ 6,437,134	\$ 48,732,444
Receivables (net allowance for uncollectibles):			
Property taxes	13,569,207	-	13,569,207
Replacement taxes	1,041,759	-	1,041,759
Intergovernmental	5,409,158	-	5,409,158
Other	28,807	-	28,807
Loan to tort immunity/judgment fund	-	1,500,000	1,500,000
Inventory	110,632	-	110,632
Prepays	289,574	-	289,574
Total assets	<u>\$ 62,744,447</u>	<u>\$ 7,937,134</u>	<u>\$ 70,681,581</u>
Liabilities, deferred inflows of resources, and fund balance			
Liabilities			
Accounts payable	\$ 674,462	\$ -	\$ 674,462
Salaries and wages payable	34,294	-	34,294
Health claims payable	1,030,887	-	1,030,887
Total liabilities	<u>1,739,643</u>	<u>-</u>	<u>1,739,643</u>
Deferred inflows of resources			
Property taxes levied for future periods	13,569,207	-	13,569,207
Deferred revenue	1,198,361	-	1,198,361
Total deferred inflows of resources	<u>14,767,568</u>	<u>-</u>	<u>14,767,568</u>
Fund balance			
Nonspendable	400,206	-	400,206
Unassigned	45,837,030	7,937,134	53,774,164
Total fund balance	<u>46,237,236</u>	<u>7,937,134</u>	<u>54,174,370</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 62,744,447</u>	<u>\$ 7,937,134</u>	<u>\$ 70,681,581</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues			
Property taxes	\$ 26,494,465	\$ -	\$ 26,494,465
Corporate personal property replacement taxes	6,752,297	-	6,752,297
State aid	64,850,845	-	64,850,845
Federal aid	11,523,161	-	11,523,161
Investment income	462,619	55,695	518,314
Other	2,437,210	-	2,437,210
Total revenues	<u>112,520,597</u>	<u>55,695</u>	<u>112,576,292</u>
Expenditures			
Current:			
Instruction:			
Regular programs	29,649,612	-	29,649,612
Special programs	12,928,119	-	12,928,119
Other instructional programs	5,152,847	-	5,152,847
State retirement contributions	30,799,388	-	30,799,388
Support Services:			
Pupils	7,238,228	-	7,238,228
Instructional staff	4,846,188	-	4,846,188
General administration	2,246,757	-	2,246,757
School administration	2,295,007	-	2,295,007
Business	4,642,234	-	4,642,234
Transportation	1,861	-	1,861
Central	2,823,170	-	2,823,170
Other supporting services	807,148	-	807,148
Community services	248,259	-	248,259
Payments to other districts and gov't units	845,189	-	845,189
Capital outlay	2,174,225	-	2,174,225
Total expenditures	<u>106,698,232</u>	<u>-</u>	<u>106,698,232</u>
Excess (deficiency) of revenues over expenditures	<u>5,822,365</u>	<u>55,695</u>	<u>5,878,060</u>
Other financing sources (uses)			
Transfers (out)	(115,482)	(39,655,137)	(39,770,619)
Principal on bonds sold	-	39,655,137	39,655,137
Total other financing sources (uses)	<u>(115,482)</u>	<u>-</u>	<u>(115,482)</u>
Net change in fund balance	5,706,883	55,695	5,762,578
Fund balance, beginning of year	<u>40,530,353</u>	<u>7,881,439</u>	<u>48,411,792</u>
Fund balance, end of year	<u>\$ 46,237,236</u>	<u>\$ 7,937,134</u>	<u>\$ 54,174,370</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 25,875,529	\$ 26,082,971	\$ 207,442	\$ 24,622,992
Special education levy	421,874	411,494	(10,380)	415,746
Corporate personal property replacement taxes	4,350,855	6,752,297	2,401,442	4,610,151
Summer school - tuition from pupils or parents (in state)	100,000	94,398	(5,602)	130,028
Adult - tuition from pupils or parents (in state)	200,000	269,479	69,479	204,658
Investment income	100,000	462,619	362,619	124,395
Sales to pupils - lunch	134,108	178,190	44,082	174,527
Sales to pupils - breakfast	3,698	5,477	1,779	5,331
Sales to pupils - a la carte	314,441	286,099	(28,342)	296,094
Sales to adults	107,350	139,652	32,302	132,238
Other food service	42,477	9,670	(32,807)	23,634
Admissions - athletic	26,500	18,501	(7,999)	21,776
Admissions - other	10,000	9,724	(276)	8,981
Fees	-	6,844	6,844	141,423
Book store sales	726,175	653,850	(72,325)	593,090
Other pupil activity revenue	125,850	469,744	343,894	149,026
Rentals - other	31,789	-	(31,789)	-
Sales - regular textbook	-	18,123	18,123	27,748
Services provided other LEA's	30,000	-	(30,000)	-
Refund of prior years' expenditures	10,000	-	(10,000)	59,278
Payments of surplus monies from TIF districts	1,407	636	(771)	1,179
Driver's education fees	18,950	3,600	(15,350)	13,200
Payment from other LEA's	85,000	-	(85,000)	-
Sale of vocational projects	12,000	-	(12,000)	-
Other	1,095,803	273,223	(822,580)	46,557
Total local sources	33,823,806	36,146,591	2,322,785	31,802,052
State sources				
General state aid	29,844,697	30,110,708	266,011	25,951,518
General state aid hold harmless/supplemental	-	-	-	1,663,719
Special education - private facility tuition	1,534,202	1,307,108	(227,094)	1,046,015
Special education - extraordinary	1,200,000	1,202,517	2,517	898,550
Special education - personnel	991,819	954,695	(37,124)	725,729
Special education - summer school	80,000	-	(80,000)	74,819
CTE - Secondary program improvement	232,534	124,125	(108,409)	213,299
Bilingual education - downstate - TPI	345,849	55,885	(289,964)	100,414
State free lunch & breakfast	24,000	13,947	(10,053)	20,625
Driver education	24,000	27,449	3,449	75,324
Truant alternative/optional education	-	125,000	125,000	125,000
Early childhood - block grant	96,579	88,531	(8,048)	88,528
Other restricted revenue from state sources	125,000	41,492	(83,508)	4,929
Total state sources	34,498,680	34,051,457	(447,223)	30,988,469

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201
EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 2,729,542	\$ 2,745,114	\$ 15,572	\$ 2,765,411
School breakfast program	318,268	290,123	(28,145)	295,010
Child care commodity/SFS 13-adult day care	198,424	185,213	(13,211)	190,499
Fresh fruits & vegetables	-	89,174	89,174	84,807
Food service - other	-	304,069	304,069	252,492
Title I - Low income	2,732,280	3,144,946	412,666	3,686,947
Federal - special education - IDEA - flow- through/low incident	2,815,434	1,358,666	(1,456,768)	1,067,836
Federal - special education - IDEA - room & board	-	28,252	28,252	-
CTE - Perkins - Title IIIE - tech. prep.	442,938	435,844	(7,094)	339,918
Title I - school improvement (part g)	1,900,000	-	(1,900,000)	-
Emergency immigrant assistance	10,191	5,052	(5,139)	8,232
Title III - English language acquisition	115,989	104,659	(11,330)	121,536
Title II - Teacher quality	191,635	148,927	(42,708)	180,561
Medicaid matching funds - administrative outreach	300,000	178,242	(121,758)	237,637
Medicaid matching funds - fee-for-service program	270,000	166,427	(103,573)	271,375
Other restricted revenue from federal sources	313,495	2,338,453	2,024,958	2,211,008
Total federal sources	12,338,196	11,523,161	(815,035)	11,713,269
Total revenues	80,660,682	81,721,209	1,060,527	74,503,790
Expenditures				
Instruction				
Regular programs				
Salaries	25,479,738	23,689,264	1,790,474	23,075,655
Employee benefits	8,550,462	5,383,470	3,166,992	6,118,104
Purchased services	147,049	34,992	112,057	80,445
Supplies and materials	1,348,367	527,929	820,438	841,007
Capital outlay	679,070	538,078	140,992	84,691
Other objects	24,435	13,957	10,478	11,275
Non-capitalized equipment	6,370	-	6,370	-
Total	36,235,491	30,187,690	6,047,801	30,211,177
Special education programs				
Salaries	5,946,962	6,060,631	(113,669)	5,643,428
Employee benefits	1,179,571	1,575,016	(395,445)	1,393,804
Purchased services	33,000	219,993	(186,993)	46,737
Supplies and materials	40,400	79,764	(39,364)	48,057
Capital outlay	-	19,714	(19,714)	49,738
Other objects	2,000	-	2,000	2,513
Total	7,201,933	7,955,118	(753,185)	7,184,277

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Remedial and supplemental programs K - 12				
Salaries	\$ 1,549,506	\$ 634,690	\$ 914,816	\$ 593,686
Employee benefits	361,743	378,850	(17,107)	363,213
Purchased services	269,273	271,020	(1,747)	286,305
Supplies and materials	1,033,147	1,219,595	(186,448)	2,039,669
Total	3,213,669	2,504,155	709,514	3,282,873
Adult/continuing education programs				
Salaries	170,904	201,125	(30,221)	179,890
Employee benefits	7,592	2,592	5,000	7,087
Supplies and materials	3,506	1,443	2,063	2,458
Total	182,002	205,160	(23,158)	189,435
CTE programs				
Salaries	1,731,069	1,819,801	(88,732)	1,637,197
Employee benefits	353,539	399,246	(45,707)	325,924
Purchased services	55,945	41,982	13,963	25,029
Supplies and materials	303,580	216,202	87,378	258,766
Capital outlay	399,282	193,108	206,174	211,243
Other objects	3,800	3,840	(40)	9,836
Non-capitalized equipment	5,000	1,209	3,791	80
Total	2,852,215	2,675,388	176,827	2,468,075
Interscholastic programs				
Salaries	856,009	723,073	132,936	747,728
Employee benefits	24,675	32,032	(7,357)	33,315
Purchased services	260,835	229,871	30,964	247,425
Supplies and materials	175,294	184,467	(9,173)	128,238
Capital outlay	-	4,643	(4,643)	23,100
Other objects	700	-	700	116
Total	1,317,513	1,174,086	143,427	1,179,922
Summer school programs				
Salaries	192,537	271,044	(78,507)	387,229
Employee benefits	1,415	32,427	(31,012)	35,619
Supplies and materials	-	938	(938)	3,225
Total	193,952	304,409	(110,457)	426,073
Driver's education programs				
Salaries	27,000	17,575	9,425	16,833
Employee benefits	682	250	432	234
Purchased services	22,400	6,300	16,100	5,030
Supplies and materials	11,295	3,324	7,971	1,514
Non-capitalized equipment	300	-	300	-
Total	61,677	27,449	34,228	23,611

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Bilingual programs				
Salaries	\$ 706,933	\$ 753,217	\$ (46,284)	\$ 606,755
Employee benefits	156,066	167,736	(11,670)	121,702
Purchased services	-	-	-	673
Supplies and materials	27,450	3,362	24,088	14,646
Total	890,449	924,315	(33,866)	743,776
Truant's alternative and optional programs				
Salaries	50,653	28,292	22,361	23,801
Employee benefits	475	362	113	318
Purchased services	1,700	384	1,316	1,456
Supplies and materials	14,558	9,728	4,830	11,028
Capital outlay	300	3,570	(3,270)	5,211
Non-capitalized equipment	3,342	1,025	2,317	797
Total	71,028	43,361	27,667	42,611
Special education programs K -12 - private tuition				
Other objects	3,200,000	2,488,560	711,440	2,355,805
Total	3,200,000	2,488,560	711,440	2,355,805
Total instruction	55,419,929	48,489,691	6,930,238	48,107,635
Support services				
Pupils				
Attendance and social work services				
Salaries	2,206,301	1,999,611	206,690	2,023,374
Employee benefits	654,928	512,366	142,562	516,381
Purchased services	33,775	10,117	23,658	3,793
Supplies and materials	63,777	51,140	12,637	63,066
Capital outlay	15,500	5,615	9,885	4,585
Total	2,974,281	2,578,849	395,432	2,611,199
Guidance services				
Salaries	2,131,596	2,216,153	(84,557)	2,201,585
Employee benefits	743,558	533,255	210,303	482,181
Purchased services	578,800	29,857	548,943	16,500
Supplies and materials	19,397	18,454	943	17,352
Capital outlay	105,519	-	105,519	-
Other objects	5,176	3,258	1,918	1,012
Total	3,584,046	2,800,977	783,069	2,718,630

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Health services				
Salaries	\$ 410,004	\$ 414,563	\$ (4,559)	\$ 378,775
Employee benefits	130,276	114,182	16,094	109,204
Purchased services	303,745	362,197	(58,452)	352,355
Supplies and materials	7,504	7,828	(324)	5,867
Capital outlay	605	17,233	(16,628)	12,426
Other objects	2,500	750	1,750	283
Non-capitalized equipment	-	-	-	955
Total	<u>854,634</u>	<u>916,753</u>	<u>(62,119)</u>	<u>859,865</u>
Psychological services				
Salaries	319,720	321,431	(1,711)	304,385
Employee benefits	72,214	85,072	(12,858)	59,118
Supplies and materials	-	2,933	(2,933)	1,195
Total	<u>391,934</u>	<u>409,436</u>	<u>(17,502)</u>	<u>364,698</u>
Speech pathology and audiology services				
Salaries	265,825	210,291	55,534	200,380
Employee benefits	<u>64,747</u>	<u>54,447</u>	<u>10,300</u>	<u>49,344</u>
Total	<u>330,572</u>	<u>264,738</u>	<u>65,834</u>	<u>249,724</u>
Other support services - pupils				
Salaries	287,187	274,254	12,933	275,580
Employee benefits	13,647	13,691	(44)	14,402
Purchased services	800	17	783	600
Supplies and materials	3,800	1,186	2,614	1,259
Other objects	<u>1,300</u>	<u>1,175</u>	<u>125</u>	<u>990</u>
Total	<u>306,734</u>	<u>290,323</u>	<u>16,411</u>	<u>292,831</u>
Total pupils	<u>8,442,201</u>	<u>7,261,076</u>	<u>1,181,125</u>	<u>7,096,947</u>
Instructional staff				
Improvement of instructional services				
Salaries	2,017,165	2,197,547	(180,382)	2,184,322
Employee benefits	163,878	847,951	(684,073)	846,090
Purchased services	242,862	628,883	(386,021)	310,580
Supplies and materials	16,500	16,036	464	20,884
Capital outlay	3,000	-	3,000	111,212
Other objects	<u>2,000</u>	<u>1,667</u>	<u>333</u>	<u>165</u>
Total	<u>2,445,405</u>	<u>3,692,084</u>	<u>(1,246,679)</u>	<u>3,473,253</u>

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Educational media services				
Salaries	\$ -	\$ 527,608	\$ (527,608)	\$ 557,461
Employee benefits	-	207,684	(207,684)	212,106
Purchased services	1,368	100,920	(99,552)	30,447
Supplies and materials	12,000	194,451	(182,451)	203,265
Capital outlay	-	1,564	(1,564)	9,648
Non-capitalized equipment	8,386	5,693	2,693	91,989
Total	21,754	1,037,920	(1,016,166)	1,104,916
Assessment and testing				
Salaries	37,535	94,843	(57,308)	41,483
Employee benefits	403	1,354	(951)	574
Purchased services	-	18,839	(18,839)	21,877
Supplies and materials	-	2,712	(2,712)	37
Total	37,938	117,748	(79,810)	63,971
Total instructional staff	2,505,097	4,847,752	(2,342,655)	4,642,140
General administration				
Board of education services				
Salaries	310,330	274,440	35,890	222,430
Employee benefits	54,784	67,021	(12,237)	45,340
Purchased services	432,855	284,337	148,518	390,484
Supplies and materials	15,425	5,815	9,610	8,766
Other objects	52,500	56,163	(3,663)	41,157
Non-capitalized equipment	1,000	-	1,000	760
Total	866,894	687,776	179,118	708,937
Executive administration services				
Salaries	445,286	550,464	(105,178)	358,459
Employee benefits	47,038	131,091	(84,053)	75,824
Purchased services	74,890	55,236	19,654	74,435
Supplies and materials	12,000	5,080	6,920	14,449
Capital outlay	-	-	-	2,214
Other objects	12,850	64,618	(51,768)	12,297
Total	592,064	806,489	(214,425)	537,678
Special area administration services				
Salaries	710,082	592,835	117,247	639,169
Employee benefits	109,193	152,260	(43,067)	169,624
Purchased services	11,650	7,246	4,404	8,342
Supplies and materials	155	151	4	243
Capital outlay	-	-	-	1,547
Total	831,080	752,492	78,588	818,925
Total general administration	2,290,038	2,246,757	43,281	2,065,540

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
School administration				
Office of the principal services				
Salaries	\$ 1,677,809	\$ 1,769,419	\$ (91,610)	\$ 1,753,517
Employee benefits	375,855	418,129	(42,274)	364,270
Purchased services	73,750	60,546	13,204	56,331
Supplies and materials	22,925	35,202	(12,277)	27,102
Capital outlay	4,000	35,758	(31,758)	791
Other objects	13,648	11,711	1,937	9,260
Non-capitalized equipment	1,000	-	1,000	-
Total	<u>2,168,987</u>	<u>2,330,765</u>	<u>(161,778)</u>	<u>2,211,271</u>
Total school administration	<u>2,168,987</u>	<u>2,330,765</u>	<u>(161,778)</u>	<u>2,211,271</u>
Business				
Direction of business support services				
Salaries	115,000	117,728	(2,728)	120,075
Employee benefits	19,998	36,123	(16,125)	17,391
Total	<u>134,998</u>	<u>153,851</u>	<u>(18,853)</u>	<u>137,466</u>
Fiscal services				
Salaries	416,425	508,118	(91,693)	529,023
Employee benefits	150,195	99,816	50,379	100,059
Purchased services	1,707,610	273,176	1,434,434	282,817
Supplies and materials	23,000	11,492	11,508	21,475
Capital outlay	5,500	-	5,500	2,845
Other objects	6,000	1,703	4,297	3,485
Non-capitalized equipment	-	2,594	(2,594)	-
Total	<u>2,308,730</u>	<u>896,899</u>	<u>1,411,831</u>	<u>939,704</u>
Pupil transportation services				
Purchased services	-	1,861	(1,861)	2,719
Capital outlay	-	52,786	(52,786)	44,018
Total	<u>-</u>	<u>54,647</u>	<u>(54,647)</u>	<u>46,737</u>
Food services				
Salaries	1,576,559	1,128,471	448,088	1,195,782
Employee benefits	393,535	286,325	107,210	286,592
Purchased services	29,764	586,496	(556,732)	501,382
Supplies and materials	95,979	1,343,639	(1,247,660)	1,324,968
Capital outlay	-	70,374	(70,374)	86,159
Other objects	-	-	-	180
Non-capitalized equipment	13,000	1,503	11,497	29,698
Total	<u>2,108,837</u>	<u>3,416,808</u>	<u>(1,307,971)</u>	<u>3,424,761</u>

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Internal services				
Salaries	\$ 332,462	\$ 230,573	\$ 101,889	\$ 245,251
Employee benefits	67,768	47,909	19,859	37,882
Purchased services	-	(146,116)	146,116	(196,151)
Supplies and materials	-	112,684	(112,684)	246,273
Total	400,230	245,050	155,180	333,255
Total business	4,952,795	4,767,255	185,540	4,881,923
Central				
Direction of central support services				
Salaries	90,000	78,000	12,000	89,500
Employee benefits	10,935	620	10,315	-
Purchased services	355,643	297,178	58,465	396,841
Total	456,578	375,798	80,780	486,341
Information services				
Salaries	-	54,645	(54,645)	26,034
Employee benefits	19,375	19,821	(446)	7,095
Purchased services	-	172,845	(172,845)	209,042
Total	19,375	247,311	(227,936)	242,171
Staff services				
Salaries	40,802	33,039	7,763	27,925
Employee benefits	16,897	7,721	9,176	10,510
Purchased services	-	1,288	(1,288)	-
Supplies and materials	-	230	(230)	-
Total	57,699	42,278	15,421	38,435
Data processing services				
Salaries	605,304	468,739	136,565	504,675
Employee benefits	134,896	138,687	(3,791)	128,784
Purchased services	1,298,710	1,508,609	(209,899)	1,109,331
Supplies and materials	50,000	41,498	8,502	37,678
Capital outlay	1,130,000	1,231,782	(101,782)	270,006
Non-capitalized equipment	10,000	250	9,750	-
Total	3,228,910	3,389,565	(160,655)	2,050,474
Total central	3,762,562	4,054,952	(292,390)	2,817,421

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

EDUCATIONAL ACCOUNTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Other supporting services				
Salaries	\$ -	\$ 302	\$ (302)	\$ -
Purchased services	-	795,960	(795,960)	788,647
Supplies and materials	-	6,766	(6,766)	9,109
Other objects	-	4,120	(4,120)	956
Total	-	807,148	(807,148)	798,712
Total support services	24,121,680	26,315,705	(2,194,025)	24,513,954
Community services				
Salaries	-	125,314	(125,314)	161,604
Employee benefits	-	33,055	(33,055)	38,923
Purchased services	-	82,395	(82,395)	96,136
Supplies and materials	-	7,495	(7,495)	9,693
Total community services	-	248,259	(248,259)	306,356
Payments to other districts and governmental units				
Payments for regular programs				
Purchased services	-	2,800	(2,800)	-
Total	-	2,800	(2,800)	-
Payments for CTE programs				
Other objects	21,206	6,694	14,512	35,981
Total	21,206	6,694	14,512	35,981
Payments for special education programs - tuition				
Other objects	1,050,000	835,695	214,305	902,147
Total	1,050,000	835,695	214,305	902,147
Total payments to other districts and governmental units	1,071,206	845,189	226,017	938,128
Total expenditures	80,612,815	75,898,844	4,713,971	73,866,073
Excess (deficiency) of revenues over expenditures	47,867	5,822,365	5,774,498	637,717

(Continued)

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**EDUCATIONAL ACCOUNTS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - NON-
GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Other financing sources (uses)				
Transfer to debt service fund to pay principal on capital leases	\$ -	\$ (113,171)	\$ (113,171)	\$ (108,987)
Transfer to debt service fund to pay interest on capital leases	-	(2,311)	(2,311)	(6,469)
Total other financing sources (uses)	-	(115,482)	(115,482)	(115,456)
Net change in fund balance	<u>\$ 47,867</u>	5,706,883	<u>\$ 5,659,016</u>	522,261
Fund balance, beginning of year		<u>40,530,353</u>		<u>40,008,092</u>
Fund balance, end of year		<u>\$ 46,237,236</u>		<u>\$ 40,530,353</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**WORKING CASH ACCOUNTS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		VARIANCE WITH FINAL BUDGET	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Investment income	\$ 12,199	\$ 55,695	\$ 43,496	\$ 18,575
Total local sources	12,199	55,695	43,496	18,575
Total revenues	12,199	55,695	43,496	18,575
Expenditures				
Total expenditures	-	-	-	-
Other financing sources (uses)				
Principal on bonds sold	-	39,655,137	39,655,137	-
Permanent transfer from working cash fund - abatement	-	(39,655,137)	(39,655,137)	-
Net change in fund balance	\$ 12,199	55,695	\$ 43,496	18,575
Fund balance, beginning of year		7,881,439		7,862,864
Fund balance, end of year		7,937,134		7,881,439

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**OPERATING COST AND TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
Operating Cost Per Pupil		
Average Daily Attendance (ADA):	<u>7,072</u>	<u>7,171</u>
Operating Costs:		
Educational	\$ 75,898,844	\$ 73,866,073
Operations and maintenance	18,003,398	19,981,138
Debt service	9,724,197	9,360,456
Transportation	3,259,112	2,956,768
Municipal retirement/social security	<u>3,172,355</u>	<u>3,145,350</u>
Subtotal	<u>110,057,906</u>	<u>109,309,785</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	2,488,560	2,355,805
Adult education	210,009	193,774
Summer school	317,864	444,394
Capital outlay	8,572,646	9,478,520
Non-capitalized equipment	19,918	129,762
Debt principal retired	9,353,158	9,346,659
Community services	272,425	337,879
Payments to other districts & governmental units	<u>845,189</u>	<u>938,128</u>
Subtotal	<u>22,079,769</u>	<u>23,224,921</u>
Operating costs	<u>\$ 87,978,137</u>	<u>\$ 86,084,864</u>
Operating Cost Per Pupil - Based on ADA	<u>\$ 12,441</u>	<u>\$ 12,005</u>
Tuition Charge		
Operating Costs	\$ 87,978,137	\$ 86,084,864
Less - revenues from specific programs, such as special education or lunch programs	<u>19,446,614</u>	<u>18,536,602</u>
Net operating costs	68,531,523	67,548,262
Depreciation allowance	<u>5,483,919</u>	<u>4,995,873</u>
Allowable Tuition Costs	<u>\$ 74,015,442</u>	<u>\$ 72,544,135</u>
Tuition Charge Per Pupil - based on ADA	<u>\$ 10,466</u>	<u>\$ 10,117</u>

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J. STERLING MORTON HIGH SCHOOLS DISTRICT 201**AGENCY FUND - STUDENT ACTIVITY ACCOUNTS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Assets				
Cash and Investments	\$ 996,962	\$ 750,209	\$ 817,757	\$ 929,414
Total assets	<u>\$ 996,962</u>	<u>\$ 750,209</u>	<u>\$ 817,757</u>	<u>\$ 929,414</u>
Liabilities				
Due to activity fund organizations:				
District Office	\$ 480,963	\$ 276,228	\$ 271,720	\$ 485,471
Morton East	206,806	215,295	230,243	191,858
Morton West	286,667	238,503	295,370	229,800
Freshmen Center	<u>22,526</u>	<u>20,183</u>	<u>20,424</u>	<u>22,285</u>
Total liabilities	<u>996,962</u>	<u>750,209</u>	<u>817,757</u>	<u>929,414</u>
Total Activity Accounts	<u>\$ 996,962</u>	<u>\$ 750,209</u>	<u>\$ 817,757</u>	<u>\$ 929,414</u>

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Statistical Section

The part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	89 - 96
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	97 - 102
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	103 - 107
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	108 -111
These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.	
Operating Information	112 - 116
These schedules contain information about the District's service and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**NET POSITION BY COMPONENT****LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013
Governmental activities					
Net investment in					
capital assets	\$ 88,663,321	\$ 82,907,613	\$ 77,475,998	\$ 70,893,937	\$ 65,124,681
Restricted	8,356,536	9,755,050	8,856,602	9,843,189	9,672,732
Unrestricted	<u>(23,616,459)</u>	<u>(33,027,575)</u>	<u>(38,791,327)</u>	<u>(35,816,718)</u>	<u>(40,895,871)</u>
Total governmental activities					
net position	<u>\$ 73,403,398</u>	<u>\$ 59,635,088</u>	<u>\$ 47,541,273</u>	<u>\$ 44,920,408</u>	<u>\$ 33,901,542</u>

Note: Amounts are as originally reported and have not been adjusted for restatements attributable to the implementation of various GASB pronouncements.

Source of Information: District Records

2012	2011	2010	2009	2008
\$ 64,372,629	\$ 58,640,092	\$ 57,368,295	\$ 44,743,143	\$ 65,057,434
9,253,577	8,676,643	13,179,338	12,870,395	13,068,474
<u>(26,908,952)</u>	<u>(30,222,985)</u>	<u>(49,263,655)</u>	<u>(29,989,602)</u>	<u>(28,777,734)</u>
<u>\$ 46,717,254</u>	<u>\$ 37,093,750</u>	<u>\$ 21,283,978</u>	<u>\$ 27,623,936</u>	<u>\$ 49,348,174</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Expenses				
Instruction:				
Regular programs	\$ 33,178,545	\$ 33,615,215	\$ 29,479,389	\$ 32,209,779
Special programs	14,734,292	14,533,039	13,318,024	12,877,911
Other instructional programs	5,410,783	5,210,917	4,661,423	4,758,764
State retirement contributions	30,799,388	19,122,886	22,567,450	13,505,305
Support services:				
Pupils	7,833,545	7,569,307	7,337,446	7,497,424
Instructional staff	4,922,383	4,835,915	4,807,616	4,114,956
General administration	3,200,419	2,418,910	1,957,785	1,756,258
School administration	2,547,076	2,431,157	2,305,537	2,219,376
Business	5,599,793	5,060,848	5,045,886	5,507,285
Transportation	3,456,475	3,015,933	3,496,900	3,159,852
Operations and maintenance	14,002,319	13,060,773	12,840,545	12,060,837
Central	3,079,919	2,650,080	2,205,583	1,910,659
Other supporting services	923,478	609,834	208,175	1,334,603
Community services	278,346	345,267	320,293	289,783
Payments to other districts and gov't units - excluding special education	9,494	35,981	37,716	138,798
Interest and fees	4,488,897	4,189,745	4,427,638	4,653,702
Total expenses	\$ 134,465,152	\$ 118,705,807	\$ 115,017,406	\$ 107,995,292
Program Revenues				
Charges for services				
Instruction:				
Regular programs	\$ 1,527,469	\$ 1,070,163	\$ 803,423	\$ 1,222,024
Other instructional programs	367,477	347,886	301,973	378,624
Support services:				
Business	619,088	631,824	683,524	840,106
Operations and maintenance	47,718	91,152	101,351	81,952
Other	-	-	-	-
Operating grants and contributions	48,624,826	37,682,319	39,909,912	30,114,127
Capital grants and contributions	158,834	-	-	148,000
Total program revenues	\$ 51,345,412	\$ 39,823,344	\$ 41,800,183	\$ 32,784,833
Net (expense)/revenue	\$ (83,119,740)	\$ (78,882,463)	\$ (73,217,223)	\$ (75,210,459)
General revenues				
Taxes:				
Real estate taxes, levied for general purposes	\$ 26,494,465	\$ 25,038,738	\$ 24,438,199	\$ 23,919,446
Real estate taxes, levied for specific purposes	9,574,781	10,571,376	9,842,721	10,565,125
Real estate taxes, levied for debt service	9,404,948	9,281,278	9,255,730	9,360,364
Personal property replacement taxes	7,352,297	5,210,151	6,520,552	6,065,527
State aid-formula grants	43,510,708	40,659,477	37,147,286	36,195,725
Federal Medicaid reimbursement	-	-	-	-
Investment earnings	550,215	154,801	137,644	117,484
Miscellaneous	636	60,457	39,606	5,654
Total general revenues	\$ 96,888,050	\$ 90,976,278	\$ 87,381,738	\$ 86,229,325
Change in net position	\$ 13,768,310	\$ 12,093,815	\$ 14,164,515	\$ 11,018,866

Source of Information: District Records

Note: District aggregated information differently for fiscal years 2014 through 2017 when compared to prior years.

2013	2012	2011	2010	2009	2008
\$ 40,056,603	\$ 43,950,117	\$ 43,543,304	\$ 45,839,828	\$ 35,506,727	\$ 32,840,735
11,469,318	10,248,130	15,992,179	13,871,762	13,646,452	13,476,188
4,910,920	5,852,209	936,964	3,918,525	4,590,376	4,004,796
-	-	-	-	-	-
7,425,862	5,971,774	5,948,820	5,926,067	6,313,227	5,942,736
4,101,633	4,221,857	2,516,264	2,634,026	2,315,546	1,524,689
1,703,753	1,700,663	1,752,128	1,371,944	2,097,396	2,233,817
2,234,213	2,002,459	1,951,217	2,224,374	2,859,073	2,729,998
4,739,495	5,630,427	6,166,698	5,376,908	5,722,374	5,584,450
3,477,394	3,595,525	3,361,030	2,920,439	2,496,884	2,622,414
13,172,461	12,212,693	10,933,498	10,188,107	11,571,176	11,604,753
1,284,400	104,893	1,029,143	1,130,022	1,341,619	1,286,712
1,455,462	1,911,751	1,081,710	1,223,183	991,534	614,345
-	-	-	-	-	-
-	-	-	-	-	-
4,868,499	4,908,317	725,445	5,655,441	5,779,209	5,812,788
<u>\$ 100,900,013</u>	<u>\$ 102,310,815</u>	<u>\$ 95,938,400</u>	<u>\$ 102,280,626</u>	<u>\$ 95,231,593</u>	<u>\$ 90,278,421</u>
\$ 2,459,155	\$ 1,061,660	\$ 1,221,347	\$ 981,055	\$ 1,111,589	\$ 1,008,116
-	-	-	-	-	-
896,441	1,008,450	1,944,223	2,113,122	2,304,348	2,471,798
76,498	64,374	63,300	37,050	44,265	28,174
-	1,419,548	735,430	-	-	-
25,383,170	24,643,116	27,713,879	21,621,187	18,646,339	16,713,537
2,041,567	2,960,697	-	-	-	1,531,066
<u>\$ 30,856,831</u>	<u>\$ 31,157,845</u>	<u>\$ 31,678,179</u>	<u>\$ 24,752,414</u>	<u>\$ 22,106,541</u>	<u>\$ 21,752,691</u>
<u>\$ (70,043,182)</u>	<u>\$ (71,152,970)</u>	<u>\$ (64,260,221)</u>	<u>\$ (77,528,212)</u>	<u>\$ (73,125,052)</u>	<u>\$ (68,525,730)</u>
\$ 28,585,409	\$ 29,083,104	\$ 26,387,338	\$ 27,408,897	\$ 27,447,900	\$ 25,562,776
4,385,031	3,791,022	4,351,000	3,580,715	3,119,627	3,418,626
8,993,119	9,460,799	9,254,374	9,477,658	9,131,114	9,286,805
-	-	-	-	-	-
34,010,276	32,280,783	32,448,996	24,072,708	26,952,448	22,919,697
345,307	496,703	497,182	415,224	329,722	320,483
106,142	116,083	177,282	356,031	609,878	1,820,321
6,316,300	5,547,980	6,953,821	5,877,021	6,384,633	7,482,458
<u>\$ 82,741,584</u>	<u>\$ 80,776,474</u>	<u>\$ 80,069,993</u>	<u>\$ 71,188,254</u>	<u>\$ 73,975,322</u>	<u>\$ 70,811,166</u>
<u>\$ 12,698,402</u>	<u>\$ 9,623,504</u>	<u>\$ 15,809,772</u>	<u>\$ (6,339,958)</u>	<u>\$ 850,270</u>	<u>\$ 2,285,436</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	400,206	470,969	605,246	535,383
Restricted	-	-	-	-
Unassigned	<u>53,774,164</u>	<u>47,940,823</u>	<u>47,265,710</u>	<u>45,497,522</u>
Total general fund	<u>\$ 54,174,370</u>	<u>\$ 48,411,792</u>	<u>\$ 47,870,956</u>	<u>\$ 46,032,905</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Debt service fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable, reported in:				
Debt service fund	-	9,621	-	-
Special revenue funds	255,786	194,264	258,765	-
Capital projects funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	1,094,525	938,849	781,202	1,044,629
Debt service fund	6,483,427	6,277,482	6,198,298	6,137,302
Capital projects funds	50,900,794	2,655,522	2,658,304	2,661,258
Assigned, reported in:				
Special revenue funds	2,605,752	1,350,181	1,302,558	920,028
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 61,340,284</u>	<u>\$ 11,425,919</u>	<u>\$ 11,199,127</u>	<u>\$ 10,763,217</u>

NOTE: GASB 54 was implemented as of June 30, 2011. Prior years are not adjusted.

Source of information: Fiscal years 2008 - 2017 Annual Financial Statements

2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 227,388	\$ 194,629	\$ 1,794,287
-	-	-	22,793,351	25,533,411	26,526,056
115,232	199,367	201,967	-	-	-
-	-	-	-	-	-
46,042,817	40,042,639	38,003,609	-	-	-
<u>\$ 46,158,049</u>	<u>\$ 40,242,006</u>	<u>\$ 38,205,576</u>	<u>\$ 23,020,739</u>	<u>\$ 25,728,040</u>	<u>\$ 28,320,343</u>
\$ -	\$ -	\$ -	\$ 2,327,634	\$ 7,501,216	\$ 7,567,144
-	-	-	5,897,682	5,197,113	5,297,302
-	-	-	7,591,915	2,721,807	2,319,128
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,045,977	860,385	507,042	-	-	-
5,971,527	5,978,397	5,985,256	-	-	-
2,655,228	2,414,795	2,184,345	-	-	-
-	-	-	-	-	-
(188,385)	(646,621)	(359,250)	-	-	-
<u>-</u>	<u>(1,861,635)</u>	<u>(25,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,484,347</u>	<u>\$ 6,745,321</u>	<u>\$ 8,292,127</u>	<u>\$ 15,817,231</u>	<u>\$ 15,420,136</u>	<u>\$ 15,183,574</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Revenues				
Local Sources				
Taxes	\$ 52,826,491	\$ 50,101,543	\$ 50,057,202	\$ 49,910,462
Earnings on investments	550,215	154,801	137,644	117,484
Other local sources	<u>2,562,388</u>	<u>2,201,482</u>	<u>1,929,877</u>	<u>2,528,360</u>
Total local sources	<u>55,939,094</u>	<u>52,457,826</u>	<u>52,124,723</u>	<u>52,556,306</u>
State sources	80,478,488	65,029,204	66,723,666	56,901,240
Federal sources	<u>11,523,161</u>	<u>11,713,269</u>	<u>10,333,532</u>	<u>9,556,612</u>
Total Revenues	<u>\$ 147,940,743</u>	<u>\$ 129,200,299</u>	<u>\$ 129,181,921</u>	<u>\$ 119,014,158</u>
Expenditures				
Current:				
Instruction	\$ 79,324,626	\$ 67,649,839	\$ 66,480,680	\$ 59,960,159
Supporting services	42,118,211	40,667,849	40,033,096	38,615,960
Community services	272,425	337,879	315,655	289,783
Nonprogrammed charges	845,189	938,128	992,336	1,240,958
Debt service				
Principal	9,353,158	9,346,659	9,340,458	9,334,527
Interest and other	371,039	13,797	19,998	25,939
Capital outlay	<u>9,979,152</u>	<u>9,478,520</u>	<u>9,725,737</u>	<u>8,393,106</u>
Total expenditures	<u>142,263,800</u>	<u>128,432,671</u>	<u>126,907,960</u>	<u>117,860,432</u>
Excess (deficiency) of revenue over expenditures	5,676,943	767,628	2,273,961	1,153,726
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	-
Proceeds from issuance of debt	50,000,000	-	-	-
Principal on capital lease proceeds	-	-	-	-
Transfers in	39,820,619	165,456	165,456	165,456
Transfers out	(39,820,619)	(165,456)	(165,456)	(165,456)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>55,676,943</u>	<u>767,628</u>	<u>2,273,961</u>	<u>1,153,726</u>
Debt service as a percentage of noncapital expenditures	6.84%	7.29%	7.99%	8.55%

Source of information: Fiscal years 2008 - 2017 Annual Financial Statements

2013	2012	2011	2010	2009	2008
\$ 42,938,858	\$ 42,239,027	\$ 40,164,833	\$ 42,223,133	\$ 38,855,607	\$ 37,659,115
106,142	116,083	177,282	356,031	609,878	1,820,321
8,807,399	9,102,012	10,343,390	9,008,248	9,844,835	10,990,546
51,852,399	51,457,122	50,685,505	51,587,412	49,310,320	50,469,982
54,068,462	51,693,831	49,785,958	37,876,068	33,609,937	34,301,165
7,677,554	8,687,468	11,448,830	13,065,980	11,611,572	5,165,618
\$ 113,598,415	\$ 111,838,421	\$ 111,920,293	\$ 102,529,460	\$ 94,531,829	\$ 89,936,765
\$ 52,598,186	\$ 58,223,679	\$ 57,149,042	\$ 61,564,405	\$ 51,133,318	\$ 47,026,928
41,938,722	42,760,354	36,443,226	32,983,632	35,098,833	33,203,340
101,058	120,961	117,012	108,162	83,227	80,780
944,923	1,234,816	911,698	938,467	548,243	572,105
5,518,979	4,591,987	4,273,133	4,661,696	5,281,648	6,496,502
3,841,478	4,653,013	4,971,867	4,583,304	3,963,352	2,698,498
-	289,632	394,582	-	1,177,716	2,017,163
104,943,346	111,874,442	104,260,560	104,839,666	97,286,337	92,095,316
8,655,069	(36,021)	7,659,733	(2,310,206)	(2,754,508)	(2,158,551)
-	-	-	-	398,767	-
-	-	-	-	-	-
-	525,645	-	-	-	-
165,457	-	50,000	50,000	-	500,000
(165,457)	-	(50,000)	(50,000)	-	(500,000)
-	-	-	-	-	-
-	525,645	-	-	398,767	-
8,655,069	489,624	7,659,733	(2,310,206)	(2,355,741)	(2,158,551)
8.92%	8.29%	8.90%	8.82%	9.62%	10.21%

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J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN LEVY YEARS

LEVY YEAR	EQUALIZED ASSESSED VALUE	INCREASE (DECREASE) OVER PREVIOUS YEAR	PERCENTAGE INCREASE (DECREASE) OVER PREVIOUS YEAR	ESTIMATED ACTUAL VALUE
2016	\$ 1,442,272,976	\$ 48,421,027	3.47%	\$ 4,326,818,928
2015	1,393,851,949	(40,999,179)	-2.86%	4,181,555,847
2014	1,434,851,128	(103,347,206)	-6.72%	4,304,553,384
2013	1,538,198,334	(102,698,227)	-6.26%	4,614,595,002
2012	1,640,896,561	(142,807,563)	-8.01%	4,922,689,683
2011	1,783,704,124	(521,694,761)	-22.63%	5,351,112,372
2010	2,305,398,885	37,434,851	1.65%	6,916,196,655
2009	2,267,964,034	(11,105,932)	-0.49%	6,803,892,102
2008	2,279,069,966	215,954,196	10.47%	6,837,209,898
2007	2,063,115,770	87,524,211	4.43%	6,189,347,310

Tax Levy Year	Real Estate	Railroad	Air Pollution	Total EAV
2016	\$ 1,415,297,496	\$ 26,971,080	\$ 4,400	\$ 1,442,272,976
2015	1,368,096,911	25,750,151	4,887	1,393,851,949
2014	1,409,370,465	25,475,596	5,067	1,434,851,128
2013	1,512,937,886	25,254,915	5,533	1,538,198,334
2012	1,616,287,421	24,603,475	5,665	1,640,896,561
2011	1,762,403,000	21,293,561	7,563	1,783,704,124
2010	2,285,857,019	19,534,030	7,836	2,305,398,885
2009	2,251,198,094	16,757,916	8,024	2,267,964,034
2008	2,263,853,901	15,207,631	8,434	2,279,069,966
2007	2,048,362,399	14,744,453	8,918	2,063,115,770

Source: Cook County Levy, Rate, and Extension Reports for the years 2007 to 2016.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN TAX LEVY YEARS

	2016	2015	2014	2013	2012
OVERLAPPING GOVERNMENT:					
County of Cook	0.533	0.552	0.568	0.560	0.531
Forest Preserve District	0.063	0.069	0.069	0.069	0.063
Suburban TB Sanitarium	-	-	-	-	-
Consolidated Elections	-	0.034	-	0.031	-
Town of Berwyn	0.060	0.061	0.059	0.053	0.048
General Assistance - Berwyn	0.052	0.053	0.051	0.046	0.042
Metropolitan Water Reclamation District	0.406	0.426	0.430	0.417	0.370
Community College #527	0.680	0.698	0.670	0.613	0.556
City of Berwyn	4.723	4.901	4.533	3.990	3.369
City of Berwyn Library Fund	0.576	0.577	0.555	0.476	0.448
Public Health - Berwyn	0.102	0.105	0.103	0.095	0.089
Mental Health - Berwyn	0.092	0.092	0.087	0.076	0.070
School District #98	4.049	4.134	3.971	3.639	3.346
North Berwyn Park District	0.502	0.513	0.492	0.455	0.355
Total overlapping rate (note)	<u>11.8380</u>	<u>12.2150</u>	<u>11.5880</u>	<u>10.5200</u>	<u>9.2870</u>
DIRECT DEBT:					
Morton S.D. #201	<u>3.251</u>	<u>3.339</u>	<u>3.216</u>	<u>2.954</u>	<u>2.732</u>
Representative Tax Rate	<u>15.089</u>	<u>15.554</u>	<u>14.804</u>	<u>13.474</u>	<u>12.019</u>
OTHER:					
Berwyn Park District	0.443	0.456	0.438	0.396	0.374
School District #100	4.490	4.568	4.265	3.919	3.645
Town of Cicero	0.320	6.315	5.760	5.183	4.522
General Assistance - Cicero	0.041	0.049	0.047	0.062	0.068
Clyde Park District	0.530	0.542	0.556	0.545	0.505
Cicero Library Fund	0.394	0.338	0.351	0.322	0.289
Mental Health - Cicero	0.122	0.120	0.104	0.096	0.100
School District #99	4.717	5.238	4.998	4.670	4.302
Town of Lyons	0.067	0.070	0.068	0.068	0.063
Road and Bridges - Lyons	0.047	0.049	0.048	0.048	0.044
General Assistance - Lyons	0.003	0.003	0.003	0.003	0.003
Des Plaines Valley Mosquito	0.017	0.017	0.016	0.016	0.015
Mental Health - Lyons	0.110	0.115	0.112	0.112	0.103
School District #103	5.796	5.924	5.418	5.293	4.856
Village of Lyons	2.454	2.503	2.416	2.204	2.039
Village of Lyons Library	0.459	0.468	0.449	0.402	0.373
Town of Stickney	0.320	0.293	0.283	0.277	0.250
Road and Bridge - Stickney Twp.	0.082	0.084	0.080	0.074	0.067
General Assistance - Stickney	0.020	0.020	0.026	0.023	0.020
Stickney - Forest View Library	0.543	0.489	0.470	0.441	0.499
Public Health - Stickney	0.248	0.274	0.276	0.262	0.240
Village of Stickney	3.712	3.721	3.646	3.326	3.052

*Tax rates are expressed in dollars per one hundred of assessed valuations.

The other overlapping districts noted above may be included within a taxpayer's property tax bill, depending on location within the district.

Source of information: Cook County Clerk's office.

2011	2010	2009	2008	2007
0.462	0.423	0.394	0.415	0.446
0.058	0.051	0.049	0.051	0.053
-	-	-	-	-
0.025	-	0.021	-	0.012
0.042	0.032	0.032	0.031	0.032
0.037	0.028	0.026	0.025	0.026
0.320	0.274	0.261	0.252	0.263
0.504	0.392	0.393	0.389	0.411
2.984	2.310	2.278	1.937	2.135
0.396	0.319	0.281	0.280	0.308
0.078	0.060	0.061	0.059	0.061
0.063	0.048	0.046	0.046	0.048
3.582	2.836	2.814	2.949	3.371
0.371	0.288	0.286	0.286	0.301
<u>8.9220</u>	<u>7.0610</u>	<u>6.9420</u>	<u>6.7200</u>	<u>7.4670</u>
<u>2.454</u>	<u>1.858</u>	<u>1.848</u>	<u>1.835</u>	<u>1.960</u>
<u>11.376</u>	<u>8.919</u>	<u>8.790</u>	<u>8.555</u>	<u>9.427</u>
0.316	0.307	0.307	0.300	0.320
3.197	2.499	2.492	2.443	2.568
4.566	3.388	3.344	3.243	3.613
0.051	0.037	0.036	0.030	0.023
0.458	0.333	0.308	0.289	0.363
0.231	0.166	0.161	0.156	0.168
0.077	0.063	0.062	0.060	0.065
3.874	2.799	2.786	2.704	2.893
0.059	0.048	0.047	0.046	0.033
0.041	0.033	0.033	0.032	0.034
0.003	0.002	0.002	0.002	0.003
0.014	0.011	0.011	0.012	0.012
0.095	0.078	0.076	0.074	0.081
4.367	3.377	3.287	3.263	3.444
1.832	1.382	1.634	1.419	1.410
0.334	0.252	0.243	0.298	0.254
0.231	0.195	0.181	0.180	0.191
0.059	0.048	0.045	0.043	0.045
0.017	0.014	0.015	0.009	0.010
0.450	0.348	0.338	0.327	0.350
0.180	0.180	0.180	0.164	0.195
2.768	2.128	2.118	1.894	1.961

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J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	2016 EQUALIZED ASSESSED VALUATION *	Rank	PERCENTAGE OF TOTAL 2016 EQUALIZED ASSESSED VALUATION (1)
Macneal Hospital	\$ 20,028,787	1	1.44%
Hawthorne Wrks Ste 316	11,502,914	2	0.83%
Wal-Mart Real Estate	10,511,997	3	0.75%
Thomas Carey Heirs	8,584,579	4	0.62%
Concordia Realty Mgmt	8,233,141	5	0.59%
Westshire Nursing	6,665,610	6	0.48%
Dimucci Development Co	6,247,158	7	0.45%
Wirtz Beverage Illinois	6,108,607	8	0.44%
Target Proptax T 732	6,026,874	9	0.43%
Cicero Marketplace	5,982,020	10	0.43%
	<u>\$ 89,891,687</u>		<u>6.45%</u>

(1) 2016 total equalized assessed valuation is \$1,442,272,976.

TAXPAYER	2008 EQUALIZED ASSESSED VALUATION	Rank	PERCENTAGE OF TOTAL 2008 EQUALIZED ASSESSED VALUATION
McNeal Hospital Finance	\$ 28,807,849	1	1.46%
Cicero Market Place	15,241,638	2	0.77%
CMBRDG Realty Capital Funding, LTD.	14,349,395	3	0.73%
Cermak Plaza Association	14,187,813	4	0.72%
Thomas Carey Heirs	13,755,770	5	0.70%
Property Tax Department 201	11,619,175	6	0.59%
Target Property Tax T732	10,422,958	7	0.53%
VHS of Illinois	9,087,916	8	0.46%
Albertson Property Tax	6,280,397	9	0.32%
Mobil Oil Corp.	6,496,932	10	0.33%
	<u>\$ 130,249,843</u>		<u>6.61%</u>

Source of information: Cook County Clerk's Office and June 30, 2008 CAFR

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN LEVY YEARS

	2016	2015	2014	2013	2012
Rates extended:					
Educational	1.8533	1.9048	1.7459	1.5971	1.4373
Special education	0.0293	0.0301	0.0296	0.0271	0.0249
Operations and maintenance	0.4178	0.4242	0.4856	0.4442	0.4093
Tort immunity	0.0000	0.0000	0.0000	0.0000	0.0000
Transportation	0.0747	0.0773	0.0759	0.0694	0.0640
Illinois municipal retirement/Social security	0.1934	0.1964	0.1930	0.1766	0.1968
Bond and interest	0.6822	0.7059	0.6857	0.6396	0.5996
Working Cash	0.0000	0.0000	0.0000	0.0000	0.0000
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0000
Total rates extended	<u>3.2507</u>	<u>3.3387</u>	<u>3.2157</u>	<u>2.9540</u>	<u>2.7319</u>
Property tax extensions:					
Educational	\$ 26,729,645	\$ 26,550,091	\$ 25,051,065	\$ 24,556,565	\$ 23,584,606
Special education	422,585	419,549	424,715	416,851	408,583
Operations and maintenance	6,025,816	5,912,719	6,967,637	6,832,676	6,716,189
Tort immunity	-	-	-	-	-
Transportation	1,077,377	1,077,447	1,089,052	1,067,509	1,050,173
Illinois municipal retirement/Social security	2,789,354	2,737,524	2,769,262	2,716,458	3,229,284
Bond and interest	9,838,650	9,838,650	9,838,650	9,838,650	9,838,650
Life Safety	-	-	-	-	-
Total levies extended	<u>\$ 46,883,427</u>	<u>\$ 46,535,980</u>	<u>\$ 46,140,381</u>	<u>\$ 45,428,709</u>	<u>\$ 44,827,485</u>
Current year collections	22,568,454	22,432,444	21,832,435	21,893,735	21,666,948
Subsequent collections	-	22,485,843	22,378,175	21,762,964	22,036,163
Total collections	<u></u>	<u>\$ 44,918,287</u>	<u>\$ 44,210,610</u>	<u>\$ 43,656,699</u>	<u>\$ 43,703,111</u>
Percentage of extensions collected - current year collections	48.14%	48.20%	47.32%	48.19%	48.33%
Percentage of extensions collected - subsequent year collections	<u>0.00%</u>	<u>48.32%</u>	<u>48.50%</u>	<u>47.91%</u>	<u>49.16%</u>
Percentage of extensions collected - total	<u>48.14%</u>	<u>96.52%</u>	<u>95.82%</u>	<u>96.10%</u>	<u>97.49%</u>

Source of Information: Cook County Levy, Rate and Extension Reports for 2007 - 2016.

2011	2010	2009	2008	2007
1.2546	0.9435	0.9464	0.9627	0.9994
0.0222	0.0167	0.0168	0.0166	0.0175
0.3650	0.2745	0.2753	0.2804	0.2910
0.0000	0.0000	0.0000	0.0000	0.0000
0.0571	0.0429	0.0430	0.0329	0.0435
0.1755	0.1320	0.1323	0.1106	0.1308
0.5516	0.4268	0.4338	0.4317	0.4769
0.0000	0.0000	0.0000	0.0000	0.0000
0.0272	0.0209	0.0000	0.0000	0.0000
<u>2.4532</u>	<u>1.8573</u>	<u>1.8476</u>	<u>1.8349</u>	<u>1.9591</u>
\$ 22,378,351	\$ 21,751,438	\$ 21,464,054	\$ 21,940,177	\$ 20,618,955
395,982	385,001	380,298	379,038	360,518
6,510,520	6,328,319	6,244,227	6,391,524	6,004,073
-	-	1	1	1
1,018,495	989,016	974,999	750,000	900,000
3,130,400	3,043,125	3,000,092	2,522,668	2,698,038
9,838,650	9,838,650	9,838,650	9,838,650	9,838,650
485,167	481,828	-	-	-
<u>\$ 43,757,565</u>	<u>\$ 42,817,377</u>	<u>\$ 41,902,321</u>	<u>\$ 41,822,058</u>	<u>\$ 40,420,235</u>
21,572,327	20,912,293	20,703,666	18,366,839	17,808,015
20,852,281	19,991,172	19,365,952	21,446,494	21,028,151
<u>\$ 42,424,608</u>	<u>\$ 40,903,465</u>	<u>\$ 40,069,618</u>	<u>\$ 39,813,333</u>	<u>\$ 38,836,166</u>
49.30%	48.84%	49.41%	43.92%	44.06%
<u>47.65%</u>	<u>46.69%</u>	<u>46.22%</u>	<u>51.28%</u>	<u>52.02%</u>
<u>96.95%</u>	<u>95.53%</u>	<u>95.63%</u>	<u>95.20%</u>	<u>96.08%</u>

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J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**OUTSTANDING DEBT BY TYPE****LAST TEN FISCAL YEARS**

YEAR	QUALIFIED SCHOOL CONSTRUCTION BONDS	CAPITAL APPRECIATION BONDS	CAPITAL LEASES & LOANS	TOTAL
2017	50,000,000	28,514,223	49,036	\$ 78,563,259
2016	-	33,244,249	207,194	33,451,443
2015	-	38,269,297	358,853	38,628,150
2014	-	43,590,632	504,312	44,094,944
2013	-	42,013,178	643,839	42,657,017
2012	-	47,398,367	777,629	48,175,996
2011	-	51,956,272	286,066	52,242,338
2010	-	56,196,359	319,112	56,515,471
2009	-	60,826,676	350,491	61,177,167
2008	-	66,060,048	-	66,060,048

Source of Information: Annual Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
RATIOS OF GENERAL BONDED DEBT OUTSTANDING TO EQUALIZED ASSESSED VALUATION
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL BONDED DEBT	EQUALIZED ASSESSED VALUATION	PERCENTAGE OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUATION	ESTIMATED POPULATION		GENERAL OBLIGATION BONDED DEBT PER CAPITA	PERCENTAGE OF GENERAL OBLIGATION BONDED DEBT TO PERSONAL INCOME
2017	\$ 78,514,223	\$ 1,442,272,976	5.44%	159,927	***+	\$ 491	1.58%
2016	33,244,249	1,393,851,949	2.39%	158,990	***+	209	0.41%
2015	38,269,297	1,434,851,128	2.67%	159,291	**	240	0.49%
2014	43,590,632	1,538,198,334	2.83%	158,280	**	275	0.56%
2013	42,013,178	1,640,896,561	2.56%	158,190	***	266	0.57%
2012	47,398,367	1,783,704,124	2.66%	159,418	**	297	0.66%
2011	51,956,271	2,305,398,885	2.25%	158,720	*	327	0.72%
2010	56,196,359	2,267,964,034	2.48%	147,312		381	0.83%
2009	60,826,676	2,279,069,966	2.67%	147,312		413	0.89%
2008	66,060,048	2,063,115,770	3.20%	148,413		445	0.97%
2007	72,556,550	1,975,591,559	3.67%	149,849		484	1.15%

Source of Information: Annual Financial Statements 2007-2016, Census Bureau

* 2010 U.S. Census Bureau

**The Census Bureau has reported an increase in the population of the communities in the District from 2010 to 2011 by approximately .44% and an increase of 0.057% from 2013 to 2014.

***+The Census Bureau has reported an decrease in the population of the communities in the District from 2010 to 2015 by approximately .19%

***U.S. Census Bureau American FactFinder reports the estimated 2012 population of the District to be 158,190.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2017

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
Cook County	3,213,141,750	0.99%	\$ 31,777,972
Cook County Forest Preserve	159,440,240	0.99%	1,576,864
Lyons Township	2,545,000	4.85%	123,509
Metropolitan Water Reclamation District	2,583,922,748 (1)	1.01%	26,045,941
City of Berwyn	161,455,000 (2)(5)	100.00%	161,455,000
Town of Cicero	35,600,000 (4)	100.00%	35,600,000
Village of Forest View	1,195,000	42.62%	509,249
Village of Lyons	4,700,000 (3)(5)	95.12%	4,470,640
Village of McCook	37,340,000	28.35%	10,587,010
Village of Stickney	8,050,000	100.00%	8,050,000
Berwyn Park District	2,155,000	100.00%	2,155,000
Central Stickney Park District	1,134,000	2.14%	24,245
Clyde Park District	885,000	100.00%	885,000
Hawthorne Park District	170,455 (3)	100.00%	170,455
McCook Park District	511,000	28.56%	145,916
North Berwyn Park District	516,400 (3)	100.00%	516,400
McCook Public Library District	0 (3)	28.56%	-
Stickney Forest View Public Library District	1,235,000	54.39%	671,729
School District #99	56,165,000 (5)	100.00%	56,165,000
School District #100	36,665,000	100.00%	36,665,000
School District #103	7,421,142 (2)	70.74%	5,249,864
School District #104	27,740,000	3.20%	886,570
Morton Community College District No. 527	3,455,000	100.00%	3,455,000
Total indirect debt			\$ 387,186,365
Direct Debt:			
J. Sterling Morton High School District # 201	73,649,339 (2)	100.00%	<u>\$78,514,223</u>
Total Direct and Overlapping General Obligation Bonded Debt			<u>\$ 465,700,588</u>

(1) Includes IEPA Revolving Loan Fund Bonds

(2) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.

(3) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.

(4) Excludes self-supporting debt

(5) Excludes outstanding debt certificates, leases, and/or installment contracts

Sources: Offices of the Cook County Clerk, Cook County Comptroller, and the Treasurer of the Metropolitan Water Reclamation District of Greater Chicago

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Valuation	<u>\$ 1,442,272,976</u>
Debt Limit - 6.9% of Assessed Valuation	\$ 99,516,835
Total Debt Outstanding	73,716,374
Less: Exempted Debt	<u>-</u>
Net Subject to 6.9% Limit	<u>73,716,374</u>
Total Debt Margin	<u>\$ 25,800,461</u>

	2017	2016	2015	2014
Debt Limit	\$ 99,516,835	\$ 96,175,785	\$ 99,004,728	\$ 106,135,685
Total Net Debt Applicable to Limit	<u>73,716,374</u>	<u>28,012,352</u>	<u>32,596,853</u>	<u>37,471,441</u>
Legal Debt Margin	<u>\$ 25,800,461</u>	<u>\$ 68,163,433</u>	<u>\$ 66,407,875</u>	<u>\$ 68,664,244</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	74%	29%	33%	35%

Source of Information: 2007 - 2016 Annual Financial Statements

2013	2012	2011	2010	2009	2008
\$ 113,221,863	\$ 123,075,585	\$ 159,072,523	\$ 156,489,518	\$ 157,255,828	\$ 142,354,988
<u>36,041,651</u>	<u>41,419,970</u>	<u>45,971,016</u>	<u>50,298,677</u>	<u>55,629,563</u>	<u>60,762,746</u>
<u>\$ 77,180,212</u>	<u>\$ 81,655,615</u>	<u>\$ 113,101,507</u>	<u>\$ 106,190,841</u>	<u>\$ 101,626,265</u>	<u>\$ 81,592,242</u>
32%	34%	29%	32%	35%	43%

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

YEAR	POPULATION		PERSONAL INCOME (<i>thousands of dollars</i>)	COOK COUNTY PER CAPITA PERSONAL INCOME		ANNUAL UNEMPLOYMENT RATE (COOK COUNTY)
2016	159,927	**+	\$ 4,959,816	\$31,013	+	6.2%
2015	158,990	**+	8,153,007	51,280	+	6.1%
2014	159,291	**	7,746,698	48,943	+	9.6%
2013	158,280	**	7,746,698	48,943	+	9.6%
2012	158,190	***	7,424,964	46,937	+	9.3%
2011	159,418	**	7,223,389	45,311		10.4%
2010	158,720	*	7,191,761	45,311		10.5%
2009	147,312		6,800,069	46,161		10.3%
2008	147,312		6,846,325	46,475		6.5%
2007	148,413		3,813,344	45,908		5.1%

Sources:

* 2010 U.S. Census Bureau (for J. Sterling Morton High School District #201)
GCT-PL2 Population and Housing Occupancy Status: 2010 - State - School District
2010 Census Redistricting Data (Public Law 94-1717) Summary File

**The Census Bureau has reported an increase in the population of the communities in the District from 2010 to 2011 by approximately .44% and by .057% from 2012 to 2013

**+The Census Bureau has reported an decrease in the population of the communities in the District from 2010 to 2015 by approximately .19%

*** U.S. Census Bureau's American FactFinder Results, 2012 American Community Survey - 1 Year Estimates

2002-2009 Population for Berwyn, Cicero, Forest View, Lyons, McCook and Stickney provided by
Population Division, U.S. Census Bureau.

Per capita personal income for Cook County provided by Regional Economic Information
System, Bureau of Economic Analysis, U.S. Department of Commerce.
Per Capita Personal Income of \$46,937 is for 2011, most recent available at printing of this statement.

Unemployment rate provided by the Illinois Department of Employment Security,
Labor Market Information Unit website: <http://lmi.ides.state.il.us/laus/laushis.htm>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	EMPLOYEES	2017		PERCENTAGE OF TOTAL EMPLOYMENT*
		DATA SOURCE	RANK	
MacNeal Hospital & Health Services	1,800	(2)	1	2.600%
Wirtz Beverage Illinois, LLC	1,000	(2)	2	1.444%
Morton East & West High Schools	768	(3)	3	1.109%
LBP Manufacturing, Inc. (Levin Bros. Paper)	400	(1)	4	0.578%
Meade Electric Co.	400	(2)	4	0.578%
Terrace Paper Co., Inc.	400	(1)	4	0.578%
Morton College	399	(3)	5	0.576%
A&R Janitorial Services, Inc.	350	(2)	6	0.505%
USF Holland, Inc.	340	(2)	7	0.491%
Walmart Supercenter	335	(4)	8	0.484%
Campagna-Turano Bakery	300	(1)	9	0.433%
Fontanini Italian Meats	270	(1)	10	0.390%
Saporito Finishing Co.	250	(1)	11	0.361%
Tru Vue, Inc. (HQ)	250	(1)	11	0.361%
Estes Express Lines, Inc.	245	(2)	12	0.354%
	<u>7,507</u>			<u>10.86%</u>

* The estimated number of persons employed in the District in 2015 per Illinois Department of Employment Security is 69,242.

EMPLOYER	EMPLOYEES	2008		PERCENTAGE OF TOTAL EMPLOYMENT
		DATA SOURCE	RANK	
MacNeal Hospital	1,800	(6)	1	N/A^
A&R Janitorial Services	1,800	(6)	2	N/A^
USF Holland, Inc.	500	(6)	3	N/A^
Chicago Casting	400	(6)	4	N/A^
Terrace Paper Co., Inc.	400	(6)	5	N/A^
Meade Electric	400	(6)	6	N/A^
Turano Baking Co.	320	(6)	7	N/A^
Innerpac, Inc.	300	(6)	8	N/A^
Crown Recycling & Waste Services, Inc.	250	(6)	9	N/A^
Tru Vue, Inc.	250	(6)	10	N/A^
	<u>6,420</u>			<u>0.000%</u>

^Percentage of total employment not available

Data Sources

(1) 2016 Illinois Manufacturers Directory

(2) 2016 Illinois Services Directory

(3) Employer Official Website and/or Financial Reports

(4) June 30, 2008 CAFR

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

NUMBER OF EMPLOYEES BY TYPE LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Instructional services:				
Regular programs				
Teachers	333.0	337.0	331.0	304.3
Clerical	-	-	-	-
Special programs				
Administrators	3.0	3.0	3.0	3.0
Teachers	55.0	53.0	50.0	52.5
Teaching assistants/clerical	55.0	49.0	54.0	62.0
Other programs				
Administrators	1.0	1.0	1.0	1.0
Teachers	12.0	8.0	8.0	9.0
Teaching assistants/clerical	11.0	10.0	10.0	12.0
Support services:				
Pupil support services				
Dean of students/administrators	9.0	9.0	9.0	11.0
Guidance counselors	25.0	25.0	25.0	27.0
Psychologists	5.0	5.0	5.0	5.0
Speech pathologists	3.0	3.0	3.0	3.0
Clerical	43.0	43.0	43.0	43.0
Instructional staff services				
Administrators	6.0	6.0	6.0	6.0
Testing facilitator	-	-	-	-
Teachers	-	-	-	-
Librarians	3.0	3.0	3.0	3.0
Clerical/aides	-	-	-	-
General administration services				
Treasurer	1.0	1.0	1.0	1.0
Superintendent/asst. superintendents	3.0	3.0	2.0	2.0
Special area administration	3.0	3.0	3.0	3.0
Clerical	8.0	8.0	8.0	8.0
School administration services				
Principals and assistant principals	11.0	11.0	11.0	11.0
Clerical	9.0	9.0	9.0	9.0
Business services				
Direction of business services	1.0	1.0	1.0	1.0
Fiscal services	14.0	14.0	14.0	14.0
Food service	25.0	25.0	25.0	20.0
Operations and maintenance of facilities				
Director/clerical	2.0	2.0	2.0	2.0
Engineers/custodial/maintenance	65.0	61.0	61.0	63.0
Security	47.0	64.0	53.0	57.5
Transportation services				
Bus drivers	1.0	1.0	1.0	2.0
Central services				
Information services	-	-	-	-
Data processing services	10.0	10.0	10.0	10.0
Total employees	764.0	768.0	752.0	753.3

Source: District records - full time equivalents.

2013	2012	2011	2010	2009	2008
299.0	300.0	334.0	369.0	324.2	317.8
-	-	-	-	-	-
3.0	3.0	3.0	3.0	-	-
55.0	57.0	58.0	68.0	59.0	61.2
68.0	70.0	70.0	63.0	63.0	57.0
1.0	1.0	1.0	-	-	-
9.0	9.0	9.0	68.0	53.2	60.4
7.0	6.0	6.0	26.0	26.0	27.0
9.0	9.0	9.0	9.0	9.0	9.0
27.0	24.0	26.0	28.0	27.0	25.0
5.0	4.0	4.0	4.0	3.0	3.6
3.0	3.0	3.0	3.0	3.0	3.0
41.0	34.0	34.0	34.0	33.5	31.5
6.0	5.0	5.0	5.0	7.8	-
-	-	-	-	-	-
-	-	-	-	-	-
3.0	3.0	3.0	5.0	5.0	5.0
-	9.0	9.0	13.0	13.0	13.0
1.0	1.0	1.0	1.0	1.2	0.2
2.0	2.0	2.0	3.0	1.0	1.0
3.0	1.0	1.0	7.0	6.3	5.0
9.0	9.0	9.0	9.0	9.0	9.0
11.0	11.0	11.0	12.0	17.0	17.0
10.0	13.0	13.0	17.0	17.5	16.5
1.0	1.0	1.0	1.0	1.8	1.8
14.0	18.0	18.0	18.0	18.0	18.0
21.0	20.0	25.0	25.0	25.0	25.0
2.0	2.0	2.0	2.0	2.0	2.0
71.0	71.0	71.0	71.0	70.0	70.0
54.0	51.0	47.0	47.0	47.0	39.0
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	1.0	2.0
9.0	10.0	10.0	10.0	12.0	11.0
754.0	758.0	796.0	932.0	866.5	841.0

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
OPERATING INDICATORS BY PROGRAM
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Instruction				
Enrollment				
Regular Education	7,840	7,562	7,354	7,452
Special Education	958	937	945	850
Total Enrollment	8,798	8,499	8,299	8,302
Percentage of limited English proficient	18.0%	10.4%	11.2%	9.9%
Pupil support services				
Percentage of students with disabilities	10.6%	11.3%	11.3%	10.2%
School Administration				
Student attendance rate	93.0%	91.1%	88.5%	90.8%
Fiscal Services				
Purchase orders processed	2,923	3,023	2,897	2,974
W-2's issued	1,122	1,105	1,145	1,129
Maintenance				
District square footage maintained by custodians and maintenance staff	1,354,175	1,354,175	1,354,175	1,354,175
District acreage maintained by grounds staff	69	69	69	69

Source of information: District records

2013	2012	2011	2010	2009	2008
7,347	7,309	7,730	7,414	7,392	7,145
843	1,035	823	992	1,018	963
8,190	8,344	8,553	8,406	8,410	8,108
10.0%	10.0%	6.3%	5.6%	5.4%	3.6%
10.3%	12.4%	9.7%	11.8%	12.1%	11.9%
89.0%	86.9%	86.9%	84.8%	90.5%	89.7%
4,211	3,931	4,099	4,600	4,700	4,500
1,138	1,200	1,200	1,214	1,226	1,232
1,354,175	1,354,175	1,345,425	1,345,425	1,345,425	1,345,425
69	69	69	69	69	69

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Morton East				
Grounds area (acres)	12.75	12.75	12.75	12.75
Buildings (square feet)	639,997	639,997	639,997	639,997
Available capacity (students)	3,300	3,300	3,300	3,300
Enrollment (students housed)	3,427	3,427	3,427	3,394
Morton West				
Grounds area (acres)	41.60	41.60	41.60	41.60
Buildings (square feet)	471,868	471,868	471,868	471,868
Available capacity (students)	3,000	3,000	3,000	3,000
Enrollment (students housed)	3,577	3,577	3,577	3,479
Morton Freshman Center (2004)				
Grounds area (acres)	14.17	14.17	14.17	14.17
Buildings (square feet)	213,030	213,030	213,030	213,030
Available capacity (students)	1,500	1,500	1,500	1,500
Enrollment (students housed)	1,233	1,233	1,233	1,225
Morton Alternative School (2008)				
Grounds area (acres)	3.06	3.06	3.06	3.06
Buildings (square feet)	20,530	20,530	20,530	20,530
Available capacity (students)	126	126	126	126
Enrollment (students housed)	84	84	84	85
Morton Alternative School (leased)				
Enrollment (students housed)	n/a	n/a	n/a	n/a

2013	2012	2011	2010	2009	2008
12.75	12.75	12.75	12.75	12.75	12.75
639,997	639,997	639,997	639,997	639,997	639,997
3,300	3,300	3,300	3,300	3,300	3,300
3,352	3,220	3,220	3,220	3,539	3,496
41.60	41.60	41.60	41.60	41.60	41.60
471,868	471,868	471,868	471,868	471,868	471,868
3,000	3,000	3,000	3,000	3,000	3,000
3,379	3,892	3,892	3,892	3,501	3,184
14.17	14.17	14.17	14.17	14.17	14.17
213,030	213,030	213,030	213,030	213,030	213,030
1,500	1,500	1,500	1,500	1,500	1,500
1,244	1,337	1,337	1,337	1,260	1,265
3.06	3.06	3.06	3.06	3.06	3.06
20,530	20,530	20,530	20,530	20,530	20,530
126	126	126	126	126	126
110	104	104	104	76	82
n/a	n/a	n/a	n/a	n/a	n/a

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J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	EXPENSES (1)	AVERAGE DAILY ATTENDANCE	NET OPERATING EXPENDITURES PER PUPIL	PERCENTAGE CHANGE
2017	\$ 87,978,137	7,071.72	12,441	3.63%
2016	86,087,802	7,170.75	12,005	6.38%
2015	80,157,499	7,102.78	11,285	-3.73%
2014	81,205,790	6,927.29	11,723	2.48%
2013	81,283,635	7,105.76	11,439	-4.16%
2012	83,921,425	7,031.00	11,936	3.46%
2011	83,340,492	7,223.83	11,537	-9.93%
2010	84,671,293	6,610.30	12,809	18.52%
2009	80,587,998	7,456.42	10,808	4.77%
2008	75,034,719	7,273.88	10,316	9.07%

(1) Total operating expenses

Source of Information: 2008 - 2017 Annual Financial Statements and Annual Financial Reports

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